

**Proposed Substitute
Bill No. 173**

LCO No. 3237

**AN ACT CONCERNING CONNECTICUT FINANCIAL INSTITUTIONS,
MARTIN LUTHER KING CORRIDORS, MONEY TRANSMISSION IN
THE STATE AND FIDUCIARY DUTIES OF MORTGAGE SERVICERS,
LEAD GENERATORS, TECHNICAL REVISIONS TO THE
CONNECTICUT UNIFORM SECURITIES ACT, RETAIL INSTALLMENT
SALES FINANCING, ADVANCE RENTAL PAYMENTS, PROTECTING
TENANTS IN FORECLOSURE, ASSESSMENTS AND TECHNICAL
CHANGES TO THE MORTGAGE SERVICING STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 36a-448a of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (b) The governing board of a Connecticut credit union shall consist
5 of an odd number of directors, at least five in number. The initial
6 governing board shall be elected at the organization meeting of the
7 Connecticut credit union as provided in subsection (e) of section 36a-
8 437a, and thereafter by the members of the Connecticut credit union at
9 the annual meeting as provided in section 36a-440a. [Any director
10 elected or appointed to serve on the governing board of a troubled
11 Connecticut credit union shall be approved by the commissioner prior
12 to any such service.] The commissioner shall approve the election,
13 appointment or employment of any director or potential member of
14 the senior management of a troubled Connecticut credit union prior to

15 such director or member taking such position. For the purposes of this
16 subsection, "troubled Connecticut credit union" means any
17 Connecticut credit union that, in the written opinion of the
18 commissioner is (1) in danger of becoming insolvent, (2) not likely to
19 be able to meet the demands of its members, or pay its obligations in
20 the normal course of business or is likely to incur losses that may
21 deplete all or substantially all of its capital, or (3) being operated in an
22 unsafe and unsound manner.

23 Sec. 2. Subdivision (1) of subsection (a) of section 36a-34 of the
24 general statutes is repealed and the following is substituted in lieu
25 thereof (*Effective from passage*):

26 (1) "Eligible entity" means any entity that (A) received a composite
27 rating of one or two under the Uniform Financial Institutions Rating
28 System as a result of its most recent safety and soundness examination;
29 (B) received a compliance rating of one or two on its most recent
30 compliance examination; (C) received a satisfactory or better rating on
31 its most recent community reinvestment performance evaluation; (D)
32 is well capitalized, [in that it (i) has a total risk-based capital ratio of
33 ten per cent or greater; (ii) has a tier one risk-based capital ratio of six
34 per cent or greater; (iii) has a tier one leverage capital ratio of five per
35 cent or greater; and (iv) is not subject to any written agreement, order,
36 capital directive or prompt corrective action directive issued pursuant
37 to Section 8 or 38 of the Federal Deposit Insurance Act, 12 USC 1818
38 and 12 USC 1831o, respectively, as amended from time to time, the
39 International Lending Supervision Act, 12 USC 3907, as amended from
40 time to time, the Home Owners' Loan Act, 12 USC 1461, as amended
41 from time to time, or any regulation thereunder, to meet and maintain
42 a specific capital level for any capital measure] as defined in 12 CFR
43 324.403(b)(1), as amended from time to time; (E) is not subject to a
44 cease and desist order, consent order, prompt correction action
45 directive, written agreement, memorandum of understanding or other
46 administrative agreement with its primary state or federal banking
47 regulator; and (F) is not subject to any formal or informal
48 administrative action by its primary state or federal banking regulator.

49 Sec. 3. Subdivision (1) of subsection (b) of section 36a-333 of the
50 general statutes is repealed and the following is substituted in lieu
51 thereof (*Effective from passage*):

52 (b) (1) Each qualified public depository that is a bank or out-of-state
53 bank having a tier one leverage ratio of five per cent or greater or a
54 risk-based capital ratio of ten per cent or greater shall transfer eligible
55 collateral maintained under subsection (a) of this section to its own
56 trust department, provided such trust department is located in this
57 state unless the commissioner approves otherwise, to the trust
58 department of another financial institution, provided such eligible
59 collateral shall be maintained in such other financial institution's trust
60 department located in this state unless the commissioner approves
61 otherwise, or to a federal reserve bank or federal home loan bank. Each
62 qualified public depository that is a bank or out-of-state bank having a
63 tier one leverage ratio of less than five per cent or a risk-based capital
64 ratio of less than ten per cent and each qualified public depository that
65 is a credit union or federal credit union shall transfer eligible collateral
66 maintained under subsection (a) of this section to the trust department
67 of a financial institution that is not owned or controlled by the
68 depository or by a holding company owning or controlling the
69 depository, provided such eligible collateral shall be maintained in
70 such other financial institution's trust department located in this state
71 unless the commissioner approves otherwise, or to a federal reserve
72 bank or federal home loan bank. Such transfers of eligible collateral
73 shall be made in a manner prescribed by the commissioner. The
74 qualified public depository shall determine and adjust the market
75 value of such eligible collateral on a monthly basis. Without the
76 requirement of any further action, the commissioner shall have, for the
77 benefit of public depositors, a perfected security interest in all such
78 eligible collateral held in such segregated trust accounts, [granted
79 pursuant to and in accordance with the terms of the agreement
80 between the public depositor and the qualified public depository.]
81 Such security interest shall have priority over all other perfected
82 security interests and liens. The commissioner may, at any time,
83 require the depository to value the collateral more frequently than

84 monthly if the commissioner reasonably determines that such
85 valuation is necessary for the protection of public deposits. Each
86 holder of eligible collateral shall file with the commissioner, at the end
87 of each calendar quarter, a report with the CUSIP number, description
88 and par value of each investment it holds as eligible collateral.

89 Sec. 4. Subsection (q) of section 36a-70 of the general statutes is
90 repealed and the following is substituted in lieu thereof (*Effective from*
91 *passage*):

92 (q) (1) As used in this subsection, "bankers' bank" means a
93 Connecticut bank that is (A) owned exclusively by (i) any combination
94 of banks, out-of-state banks, Connecticut credit unions, federal credit
95 unions, or out-of-state credit unions, [having their principal office in
96 Connecticut, Maine, Massachusetts, New Hampshire, New Jersey,
97 New York, Pennsylvania, Rhode Island or Vermont] or (ii) a bank
98 holding company that is owned exclusively by any such combination,
99 and (B) [organized to engage] engaged exclusively in providing
100 services for, or that indirectly benefit, other banks, out-of-state banks,
101 Connecticut credit unions, federal credit unions, or out-of-state credit
102 unions and their directors, officers and employees.

103 (2) One or more persons may organize a bankers' bank in
104 accordance with the provisions of this section, except that subsections
105 (g) and (h) of this section shall not apply. The approving authority for
106 a bankers' bank shall be the commissioner acting alone. Before
107 granting a temporary certificate of authority in the case of an
108 application to organize a bankers' bank, the approving authority shall
109 consider (A) whether the proposed bankers' bank will facilitate the
110 provision of services that such banks, out-of-state banks, Connecticut
111 credit unions, federal credit unions, or out-of-state credit unions would
112 not otherwise be able to readily obtain, and (B) the character and
113 experience of the proposed directors and officers. The application to
114 organize a bankers' bank shall be approved if the approving authority
115 determines that the interest of the public will be directly or indirectly
116 served to advantage by the establishment of the proposed bankers'

117 bank, and the proposed directors possess capacity and fitness for the
118 duties and responsibilities with which they will be charged.

119 (3) A bankers' bank shall have all of the powers of and be subject to
120 all of the requirements applicable to a Connecticut bank under this title
121 which are not inconsistent with this subsection, except [:(A) A
122 bankers' bank may only provide services for, or that indirectly benefit,
123 other banks, out-of-state banks, Connecticut credit unions, federal
124 credit unions, or out-of-state credit unions and for the directors,
125 officers and employees of such banks, out-of-state banks, Connecticut
126 credit unions, federal credit unions, or out-of-state credit unions; (B)
127 only banks, out-of-state banks, Connecticut credit unions, federal
128 credit unions, or out-of-state credit unions having their principal office
129 in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey,
130 New York, Pennsylvania, Rhode Island or Vermont may own the
131 capital stock of or otherwise invest in a bankers' bank; (C) upon] to the
132 extent the commissioner limits such powers by regulation. Upon the
133 written request of a bankers' bank, the commissioner may waive
134 specific requirements of this title and the regulations adopted
135 thereunder if the commissioner finds that [(i)] (A) the requirement
136 pertains primarily to banks that provide retail or consumer banking
137 services and is inconsistent with this subsection, and [(ii)] (B) the
138 requirement may impede the ability of the bankers' bank to compete or
139 to provide desired services to its market provided, any such waiver
140 and the commissioner's findings shall be in writing and shall be made
141 available for public inspection. [; and (D) the commissioner may, by
142 regulation, limit the powers that may be exercised by a bankers' bank.]

143 (4) The commissioner may adopt regulations, in accordance with
144 chapter 54, to administer the provisions of this subsection.

145 Sec. 5. Subsection (a) of section 36a-21 of the general statutes is
146 repealed and the following is substituted in lieu thereof (*Effective from*
147 *passage*):

148 (a) Notwithstanding any provision of state law and except as
149 provided in subsections (b) and (d) of this section and subdivision (2)

150 of subsection (a) of section 36a-534b, the following records of the
151 Department of Banking shall not be disclosed by the commissioner or
152 any employee of the Department of Banking, or be subject to public
153 inspection or discovery:

154 (1) Examination and investigation reports and information
155 contained in or derived from such reports, including examination
156 reports prepared by the commissioner or prepared on behalf of or for
157 the use of the commissioner;

158 (2) Confidential supervisory or investigative information and
159 records obtained [from] or collected by a state, federal or foreign
160 regulatory or law enforcement agency;

161 (3) Information obtained, collected or prepared in connection with
162 examinations, inspections or investigations, and complaints from the
163 public received by the Department of Banking, if such records are
164 protected from disclosure under federal or state law or, in the opinion
165 of the commissioner, such records would disclose, or would
166 reasonably lead to the disclosure of: (A) Investigative information the
167 disclosure of which would be prejudicial to such investigation, until
168 such time as the investigation and all related administrative and legal
169 actions are concluded; (B) personal or financial information, including
170 account or loan information, without the written consent of the person
171 or persons to whom the information pertains; or (C) information that
172 would harm the reputation of any person or affect the safety and
173 soundness of any person whose activities in this state are subject to the
174 supervision of the commissioner, and the disclosure of such
175 information under this subparagraph would not be in the public
176 interest; and

177 (4) Information obtained, collected or prepared in connection with
178 the organization of an expedited Connecticut bank prior to the
179 issuance of a final certificate of authority to commence the business of
180 a Connecticut bank pursuant to section 36a-70, as amended by this act.

181 Sec. 6. (NEW) (*Effective October 1, 2016*) The Commissioner of

182 Banking shall designate three Martin Luther King Corridors to
183 promote secured and unsecured lending in the state.

184 Sec. 7. Subsection (a) of section 36a-597 of the general statutes is
185 repealed and the following is substituted in lieu thereof (*Effective July*
186 *1, 2016*):

187 (a) No person shall engage in the business of money transmission in
188 this state, or advertise or solicit such services, without a license issued
189 by the commissioner as provided in sections 36a-595 to 36a-612,
190 inclusive, except as an authorized delegate of a person that has been
191 issued a license by the commissioner and in accordance with section
192 36a-607. A person [shall be deemed to be engaged in the business of
193 money transmission] is acting as a money transmitter in this state if
194 such person: (1) Has a place of business located in this state, (2)
195 receives money or monetary value in this state or from a person
196 located in this state, (3) transmits money or monetary value from a
197 location in this state or to a person located in this state, (4) issues
198 stored value or payment instruments that are sold in this state, or (5)
199 sells stored value or payment instruments in this state. The licensee
200 shall promptly notify the commissioner, in writing, of the termination
201 of the contract between such licensee and authorized delegate.

202 Sec. 8. Section 36a-716 of the general statutes is repealed and the
203 following is substituted in lieu thereof (*Effective July 1, 2016*):

204 (a) Any mortgage servicer who receives funds from a mortgagor to
205 be held in escrow for payment of taxes and insurance premiums shall:
206 [pay]

207 (1) Deposit such funds in one or more segregated escrow accounts
208 under dual control or trust accounts maintained at a federally insured
209 bank, Connecticut credit union, federal credit union or out-of-state
210 bank, which accounts shall be reconciled monthly, provided (A) such
211 funds shall not be commingled with funds of the mortgage servicer or
212 used in the conduct of the mortgage servicer's business, (B) such
213 account shall not be used for any purpose other than (i) the deposit of

214 such funds received from mortgagors, (ii) the payment of such funds
215 to the appropriate taxing authority or insurance company, as
216 applicable, and (iii) the reimbursement of moneys paid on behalf of a
217 mortgagor for taxes and insurance premiums from the mortgage
218 servicer's own funds, and (C) any service charge or other fee imposed
219 against such account by a depository institution shall be reimbursed by
220 the mortgage servicer to such account not more than thirty days after
221 the withdrawal;

222 (2) Maintain records, in accordance with generally accepted
223 accounting principles, that (A) clearly identify the amounts and dates
224 of all escrow payments received from mortgagors and all remittances
225 made for such purposes on behalf of such mortgagor, and (B) shall be
226 kept readily available to the commissioner and retained for a period of
227 not less than two years after the date of final entry thereon; and

228 (3) Pay the taxes and insurance premiums of the mortgagor to the
229 appropriate taxing authority and insurance company in the amount
230 required and at the time such taxes and insurance premiums are due,
231 provided [(1)] (A) the mortgage servicer has been provided with the
232 tax or insurance bills at least fifteen days prior to the date such taxes
233 and insurance premiums are due, and [(2)] (B) the mortgagor has paid
234 to the mortgage servicer the amounts required to be paid into the
235 escrow account, as determined by the mortgage servicer, for all
236 amounts scheduled to be paid to the mortgage servicer prior to the
237 date such taxes and insurance premiums are due.

238 (b) Each mortgage servicer shall, through its own effort and
239 expense, determine and notify the mortgagor of the amounts necessary
240 to be paid into the escrow account to assure that sufficient funds will
241 be available for the payment of such taxes and insurance premiums as
242 of the date such payment is due.

243 (c) If the amount held in the escrow account as of the date such
244 taxes and insurance premiums are due is insufficient to pay the taxes
245 and insurance premiums despite compliance by the mortgagor with
246 [subdivision (2)] subparagraph (B) of subdivision (3) of subsection (a)

247 of this section, the mortgage servicer shall pay such taxes and
248 insurance premiums from its own funds. The mortgage servicer shall
249 then give the mortgagor the option of paying the shortage over a
250 period of not less than one year. The mortgage servicer shall not
251 charge or collect interest on such shortage during the one-year period.

252 Sec. 9. Section 36a-485 of the general statutes is repealed and the
253 following is substituted in lieu thereof (*Effective October 1, 2016*):

254 As used in this section and sections 36a-486 to 36a-498f, inclusive, as
255 amended by this act, [and] 36a-534a, [to 36a-534c, inclusive,] 36a-534b,
256 as amended by this act, and sections 22 to 31, inclusive, of this act,
257 unless the context otherwise requires:

258 (1) "Advance fee" means any consideration paid or given, directly or
259 indirectly, [to a mortgage lender, mortgage correspondent lender or
260 mortgage broker required to be licensed pursuant to sections 36a-485
261 to 36a-498f, inclusive, and sections 36a-534a and 36a-534b,] by a
262 consumer to a person for a residential mortgage loan prior to the
263 closing of [a] such residential mortgage loan, [to any person,]
264 including, but not limited to, loan fees, points, broker's fees or
265 commissions, transaction fees or similar prepaid finance charges;

266 (2) "Advertise", "advertisement" or "advertising" means the use of
267 any announcement, statement, assertion or representation that is
268 placed before the public in a newspaper, magazine or other
269 publication, or in the form of a notice, circular, pamphlet, letter or
270 poster or over any radio or television station, by means of the Internet,
271 or by other electronic means of distributing information, by personal
272 contact, or in any other way;

273 (3) "Branch office" means a location other than the main office at
274 which a licensee or any person on behalf of a licensee acts as a
275 mortgage lender, mortgage correspondent lender, mortgage broker or
276 mortgage loan originator;

277 (4) "Control person" means an individual that directly or indirectly

278 exercises control over another person. Any person that (A) is a
279 director, general partner or executive officer; (B) directly or indirectly
280 has the right to vote ten per cent or more of a class of any voting
281 security or has the power to sell or direct the sale of ten per cent or
282 more of any class of voting securities; (C) in the case of a limited
283 liability company, is a managing member; or (D) in the case of a
284 partnership, has the right to receive upon dissolution, or has
285 contributed, ten per cent or more of the capital, is presumed to be a
286 control person. For purposes of this subdivision, "control" means the
287 power, directly or indirectly, to direct the management or policies of a
288 company, whether through ownership of securities, by contract or
289 otherwise;

290 (5) "Depository institution" has the same meaning as provided in
291 Section 3 of the Federal Deposit Insurance Act, 12 USC 1813, and
292 includes any Connecticut credit union, federal credit union or out-of-
293 state credit union;

294 (6) "Dwelling" [has the same meaning] means any "dwelling" as
295 provided in Section 103 of the Consumer Credit Protection Act, 15 USC
296 1602, located in this state;

297 (7) "Employee" means an individual (A) whose manner and means
298 of work performance are subject to the right of control of, or are
299 controlled by, a person, and (B) whose compensation is reported or
300 required to be reported on a W-2 form issued by the controlling
301 person. For purposes of the definition of "registered mortgage loan
302 originator", "employee" has the foregoing meaning or such other
303 meaning as the federal banking agencies may issue in connection with
304 such agencies' implementation of such agencies' responsibilities under
305 the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC 5101 et seq.;

306 (8) "Federal banking agency" means the Board of Governors of the
307 Federal Reserve System, the Comptroller of the Currency, the Director
308 of the Office of Thrift Supervision, the National Credit Union
309 Administration and the Federal Deposit Insurance Corporation;

310 (9) "First mortgage loan" means a residential mortgage loan that is
311 secured by a first mortgage;

312 (10) "Immediate family member" means a spouse, child, sibling,
313 parent, grandparent or grandchild and includes stepparents,
314 stepchildren, stepsiblings and adoptive relationships;

315 (11) "Independent contractor" means an individual retained on a
316 basis where the individual is not an employee of any person in
317 connection with the services such individual provides and whose
318 compensation is reported or required to be reported on an Internal
319 Revenue Service Form 1099 issued by the retaining person;

320 (12) "Individual" means a natural person;

321 (13) "Lead" means any information identifying a potential consumer
322 of a residential mortgage loan;

323 (14) "Lead generator" means a person who: (A) Initiates consumer
324 interest or inquiry in a residential mortgage loan by online marketing,
325 direct response advertising, telemarketing or other similar consumer
326 contact; (B) engages in the business of selling leads for residential
327 mortgage loans; (C) generates or augments leads for other persons for
328 or with the expectation of compensation or gain; or (D) refers
329 consumers to other persons for a residential mortgage loan for or with
330 the expectation of compensation or gain;

331 [(13)] (15) "Loan processor or underwriter" means an individual
332 who performs clerical or support duties. The term "clerical or support
333 duties" includes, subsequent to the receipt of an application, (A) the
334 receipt, collection, distribution and analysis of information common
335 for the processing or underwriting of a residential mortgage loan, and
336 (B) communication with a consumer to obtain the information
337 necessary for the processing or underwriting of a loan to the extent
338 that such communication does not include offering or negotiating loan
339 rates or terms or counseling consumers about residential mortgage
340 loan rates or terms;

341 [(14)] (16) "Main office" means the main address designated on the
342 system;

343 [(15)] (17) "Mortgage broker" (A) means a person who (i) for
344 compensation or gain or with the expectation of compensation or gain
345 (I) takes a residential mortgage loan application, or (II) offers or
346 negotiates terms of a residential mortgage loan, and (ii) is not the
347 prospective source of the funds for the residential mortgage loan, and
348 (B) does not include (i) an individual who is licensed as a mortgage
349 loan originator acting as a mortgage loan originator on behalf of such
350 mortgage loan originator's sponsoring mortgage lender, mortgage
351 correspondent lender, mortgage broker or exempt registrant, or (ii) an
352 individual exempt from mortgage loan originator licensure under
353 subdivision (2) of subsection (b) of section 36a-486, as amended by this
354 act, when acting within the scope of such exemption;

355 [(16)] (18) "Mortgage correspondent lender" means a person
356 engaged in the business of making residential mortgage loans in such
357 person's own name where the loans are not held by such person for
358 more than ninety days and are funded by another person through a
359 warehouse agreement, table funding agreement or similar agreement;

360 [(17)] (19) "Mortgage lender" means a person engaged in the
361 business of making residential mortgage loans in such person's own
362 name utilizing such person's own funds or by funding loans through a
363 warehouse agreement, table funding agreement or similar agreement;

364 [(18)] (20) "Mortgage loan originator" means an individual who for
365 compensation or gain or with the expectation of compensation or gain,
366 either for such individual or for the person employing or retaining
367 such individual, (A) takes a residential mortgage loan application, or
368 (B) offers or negotiates terms of a residential mortgage loan. "Mortgage
369 loan originator" does not include (i) an individual engaged solely as a
370 loan processor or underwriter; (ii) a person who only performs real
371 estate brokerage activities and is licensed in accordance with chapter
372 392, unless the person is compensated by a mortgage lender, mortgage
373 correspondent lender, mortgage broker or other mortgage loan

374 originator or by any agent of such mortgage lender, mortgage
375 correspondent lender, mortgage broker or other mortgage loan
376 originator; (iii) a person solely involved in extensions of credit relating
377 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC
378 101; or (iv) any individual who solely renegotiates terms for existing
379 mortgage loans on behalf of a mortgagee and who does not otherwise
380 act as a mortgage loan originator, unless the United States Department
381 of Housing and Urban Development, the Bureau of Consumer
382 Financial Protection or a court of competent jurisdiction determines
383 that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101
384 et seq., requires such individual to be licensed as a mortgage loan
385 originator under state laws implementing said S.A.F.E. Mortgage
386 Licensing Act;

387 [(19)] (21) "Office" means a branch office or a main office;

388 [(20)] (22) "Person" means a natural person, corporation, company,
389 limited liability company, partnership or association;

390 [(21)] (23) "Principal amount of the loan" means the gross amount
391 the borrower is obligated to repay including any prepaid finance
392 charge that is financed, and any other charge that is financed;

393 [(22)] (24) "Real estate brokerage activity" means any activity that
394 involves offering or providing real estate brokerage services to the
395 public, including (A) acting as a real estate agent or real estate broker
396 for a buyer, seller, lessor or lessee of real property; (B) bringing
397 together parties interested in the sale, purchase, lease, rental or
398 exchange of real property; (C) negotiating, on behalf of any party, any
399 portion of a contract relating to the sale, purchase, lease, rental or
400 exchange of real property, other than in connection with providing
401 financing with respect to any such transaction; (D) engaging in any
402 activity for which a person engaged in the activity is required to be
403 registered or licensed as a real estate agent or real estate broker under
404 any applicable law; and (E) offering to engage in any activity, or act in
405 any capacity, described in this subdivision;

406 [(23)] (25) "Registered mortgage loan originator" means any
407 individual who (A) meets the definition of mortgage loan originator
408 and is an employee of a depository institution, a subsidiary that is
409 owned and controlled by a depository institution and regulated by a
410 federal banking agency, or an institution regulated by the Farm Credit
411 Administration; and (B) is registered with and maintains a unique
412 identifier through the system;

413 [(24)] (26) "Residential mortgage loan" means any loan primarily for
414 personal, family or household use that is secured by a mortgage, deed
415 of trust or other equivalent consensual security interest on a dwelling
416 or residential real estate upon which is constructed or intended to be
417 constructed a dwelling;

418 [(25)] (27) "Residential real estate" means any real property located
419 in this state, upon which is constructed or intended to be constructed a
420 dwelling;

421 [(26)] (28) "Secondary mortgage loan" means a residential mortgage
422 loan that is secured, in whole or in part, by a mortgage, provided such
423 property is subject to one or more prior mortgages;

424 [(27)] (29) "Simulated check" means a document that imitates or
425 resembles a check but is not a negotiable instrument;

426 [(28)] (30) "Sponsored" means employed or retained as an
427 independent contractor;

428 [(29)] (31) "Table funding agreement" means an agreement wherein
429 a person agrees to fund mortgage loans to be made in another person's
430 name and to purchase such loans after they are made;

431 (32) "Trigger lead" means a consumer report obtained pursuant to
432 Section 604(C)(1)(B) of the Fair Credit Reporting Act, 15 USC 1681b,
433 where the issuance of the report is triggered by an inquiry made with a
434 consumer reporting agency in response to an application for credit.
435 "Trigger lead" does not include a consumer report obtained by a small
436 loan lender that holds or services existing indebtedness of the

437 applicant who is the subject of the report.

438 [(30)] (33) "Unique identifier" means a number or other identifier
439 assigned by protocols established by the system; and

440 [(31)] (34) "Warehouse agreement" means an agreement to provide
441 credit to a person to enable the person to have funds to make
442 residential mortgage loans and hold such loans pending sale to other
443 persons.

444 Sec. 10. Section 36a-486 of the 2016 supplement to the general
445 statutes is repealed and the following is substituted in lieu thereof
446 (*Effective October 1, 2016*):

447 (a) No person shall engage in the business of making residential
448 mortgage loans or act as a mortgage broker in this state unless such
449 person has first obtained the required license for its main office and
450 each branch office where such business is conducted in accordance
451 with the provisions of sections 36a-485 to 36a-498f, inclusive, as
452 amended by this act, 36a-534a and 36a-534b, as amended by this act.
453 [Effective April 1, 2010, any] Any such person who is an individual
454 shall also obtain a mortgage loan originator license prior to conducting
455 such business unless such individual does not engage directly in the
456 activities of a mortgage loan originator. A person, other than a licensed
457 mortgage loan originator acting on behalf of a mortgage lender or
458 mortgage correspondent lender, shall be deemed to be engaged in the
459 business of making residential mortgage loans if such person
460 advertises, causes to be advertised, solicits or offers to make residential
461 mortgage loans, either directly or indirectly. A person, other than a
462 licensed mortgage loan originator acting on behalf of a mortgage
463 broker, shall be deemed to be acting as a mortgage broker if such
464 person advertises or causes to be advertised that such person will
465 negotiate, solicit, place or find a residential mortgage loan, either
466 directly or indirectly. A licensed lead generator shall not be deemed to
467 be acting as a mortgage lender, mortgage correspondent lender,
468 mortgage broker or mortgage loan originator when engaged in
469 activities contemplated by the definition of lead generator set forth in

470 section 36a-485, as amended by this act. A mortgage correspondent
471 lender shall not be deemed to be acting as a mortgage lender if such
472 mortgage correspondent lender makes a loan utilizing its own funds in
473 a situation where another person does not honor such person's
474 commitment to fund the loan.

475 (b) (1) No person licensed as a mortgage lender, mortgage
476 correspondent lender or mortgage broker shall engage the services of a
477 mortgage loan originator or of a loan processor or underwriter
478 required to be licensed under this section unless such mortgage loan
479 originator or loan processor or underwriter is licensed under section
480 36a-489, as amended by this act. No person licensed as a mortgage
481 lender, mortgage correspondent lender, mortgage broker or mortgage
482 loan originator shall engage the services of a lead generator unless
483 such lead generator is licensed under section 23 of this act. An
484 individual, unless specifically exempted under subdivision (2) of this
485 subsection, shall not engage in the business of a mortgage loan
486 originator on behalf of a licensee or a person exempt under section 36a-
487 487 with respect to any residential mortgage loan without first
488 obtaining and maintaining annually a license as a mortgage loan
489 originator under section 36a-489, as amended by this act. An
490 individual, unless specifically exempted under subdivision (2) of this
491 subsection, shall be deemed to be engaged in the business of a
492 mortgage loan originator if such individual: (A) Acts as a mortgage
493 loan originator in connection with any residential mortgage loan on
494 behalf of a licensee or person exempt under section 36a-487; or (B)
495 makes any representation to the public through advertising or other
496 means of communication that such individual can or will act as a
497 mortgage loan originator on behalf of a licensee or person exempt
498 under section 36a-487. Each licensed mortgage loan originator and
499 each licensed loan processor or underwriter shall register with and
500 maintain a valid unique identifier issued by the system. No individual
501 may act as a mortgage loan originator for more than one person at the
502 same time. No loan processor or underwriter licensee may be
503 sponsored by more than one person at a time. The license of a
504 mortgage loan originator or a loan processor or underwriter is not

505 effective during any period when such mortgage loan originator or a
506 loan processor or underwriter is not sponsored by a licensed mortgage
507 lender, mortgage correspondent lender or mortgage broker, or by a
508 person registered as an exempt registrant under subsection (d) of
509 section 36a-487, or during any period in which the license of the
510 mortgage lender, mortgage correspondent lender or mortgage broker
511 with whom such originator or loan processor or underwriter is
512 associated has been suspended. Either the mortgage loan originator,
513 the loan processor or underwriter or the sponsor may file a notification
514 of the termination of sponsorship with the system.

515 (2) The following are exempt from subdivision (1) of subsection (b)
516 of this section: (A) A registered mortgage loan originator or an
517 employee of an institution or subsidiary described in subdivision [(23)]
518 (25) of section 36a-485, as amended by this act, who is not required to
519 be registered under Section 1507 of the S.A.F.E. Mortgage Licensing
520 Act of 2008, 12 USC Section 5101 et seq., when acting for such
521 institution or subsidiary; (B) an individual who offers or negotiates the
522 terms of a residential mortgage loan with or on behalf of an immediate
523 family member of such individual; (C) an individual who offers or
524 negotiates the terms of a residential mortgage loan secured by a
525 dwelling that served as the individual's residence, unless the context
526 demonstrates that such individual engaged in such activities with a
527 degree of habitualness or repetition; (D) a Connecticut licensed
528 attorney who negotiates the terms of a residential mortgage loan on
529 behalf of a client as an ancillary matter to the attorney's representation
530 of the client, unless the attorney is compensated by a mortgage lender,
531 mortgage correspondent lender, mortgage broker or other mortgage
532 loan originator or by any agent of such mortgage lender, mortgage
533 correspondent lender, mortgage broker or other mortgage loan
534 originator; (E) an individual who takes a residential mortgage loan
535 application or offers or negotiates terms of a residential mortgage loan
536 as an employee of a federal, state or local government agency or
537 housing finance agency exempt from licensure pursuant to section 36a-
538 487, and who does so only pursuant to such individual's official duties
539 as an employee of such agency; (F) an individual who takes a

540 residential mortgage loan application or offers or negotiates terms of a
541 residential mortgage loan as an employee of an organization that has
542 obtained bona fide nonprofit status from the commissioner and is
543 exempt from licensure pursuant to section 36a-487, and who does so
544 only pursuant to such individual's official duties as an employee of
545 such organization; and (G) an individual who offers or negotiates the
546 terms of a residential mortgage loan secured by a dwelling that is not
547 the individual's residence but is owned by such individual, unless the
548 context demonstrates that such individual engaged in such activities
549 with a degree of habitualness or repetition.

550 (3) No individual shall engage in the activities of a loan processor or
551 underwriter unless such individual obtains and maintains a license as
552 a loan processor or underwriter under section 36a-489, as amended by
553 this act. The following individuals are exempt from the foregoing
554 license requirement:

555 (A) An employee of a licensed mortgage lender, mortgage
556 correspondent lender or mortgage broker who engages in loan
557 processor or underwriter activities (i) in connection with residential
558 mortgage loans either originated or made by such licensee, and (ii) at
559 the direction of and subject to the supervision of a licensed mortgage
560 loan originator of such licensee;

561 (B) An employee of a person exempt from licensure under
562 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 who
563 engages in loan processor or underwriter activities at the direction of
564 and subject to the supervision of either a licensed mortgage loan
565 originator or a registered mortgage loan originator of such exempt
566 person; or

567 (C) Any individual engaged, in any capacity, in loan processor or
568 underwriter activities in connection with a residential mortgage loan
569 originated by an individual not required to be licensed or registered as
570 a mortgage loan originator under this part.

571 (4) An individual engaging solely in loan processor or underwriter

572 activities shall not represent to the public, through advertising or other
573 means of communicating or providing information, including the use
574 of business cards, stationery, brochures, signs, rate lists or other
575 promotional items, that such individual can or will perform any of the
576 activities of a mortgage loan originator.

577 (c) If the United States Department of Housing and Urban
578 Development, the Bureau of Consumer Financial Protection or a court
579 of competent jurisdiction determines that the S.A.F.E. Mortgage
580 Licensing Act of 2008, 12 USC Section 5101 et seq., requires an
581 individual described in subparagraph (B) (iv) of subdivision [(18)] (20)
582 of section 36a-485, as amended by this act, to be licensed as a mortgage
583 loan originator under state laws implementing said S.A.F.E. Mortgage
584 Licensing Act, such individual may continue to act in such individual's
585 current capacity, provided such individual files an application for a
586 mortgage loan originator license not later than the date sixty days from
587 the date of such determination by the United States Department of
588 Housing and Urban Development, the Bureau of Consumer Financial
589 Protection or a court of competent jurisdiction.

590 (d) Each residential mortgage loan taken, offered, negotiated,
591 solicited, arranged, placed, found, made, processed or underwritten
592 without a license shall constitute a separate violation for purposes of
593 section 36a-50.

594 Sec. 11. Section 36a-488 of the general statutes is repealed and the
595 following is substituted in lieu thereof (*Effective October 1, 2016*):

596 (a) (1) The commissioner shall not issue a mortgage lender license, a
597 mortgage correspondent lender license or a mortgage broker license to
598 any person unless such person meets the following tangible net worth
599 and experience requirements, as applicable: (A) The minimum tangible
600 net worth requirement for a mortgage lender shall be two hundred
601 fifty thousand dollars and the minimum tangible net worth
602 requirement for a mortgage correspondent lender and a mortgage
603 broker shall be [(i) prior to March 2, 2009, twenty-five thousand
604 dollars, and (ii) on and after March 2, 2009,] fifty thousand dollars, and

605 (B) a mortgage lender, mortgage correspondent lender or mortgage
606 broker shall have, at the main office for which the license is sought, a
607 qualified individual and, at each branch office, a branch manager (i)
608 who have supervisory authority over the lending or brokerage
609 activities, (ii) who have at least three years' experience in the mortgage
610 business within the five years immediately preceding the date of the
611 application for the license, (iii) who [, effective April 1, 2010, have
612 completed the prelicensing education requirement described in section
613 36a-489a and passed a written test that meets the test requirement
614 described in section 36a-489a, and (iv) who, effective November 1,
615 2012,] are licensed as a mortgage loan originator under section 36a-489,
616 as amended by this act. As used in this subdivision, "experience in the
617 mortgage business" means paid experience in the origination,
618 processing or underwriting of residential mortgage loans, the
619 marketing of such loans in the secondary market or in the supervision
620 of such activities, or any other relevant experience as determined by
621 the commissioner.

622 (2) Each licensee shall maintain the net worth required by this
623 subsection.

624 [(3) Not later than April 1, 2010, each qualified individual and
625 branch manager shall have completed the prelicensing education
626 requirement described in section 36a-489a and passed a written test
627 that meets the test requirement described in section 36a-489a.]

628 (b) The commissioner may issue a mortgage lender license, a
629 mortgage correspondent lender license, or a mortgage broker license.
630 Each mortgage lender licensee may also act as a mortgage
631 correspondent lender and a mortgage broker, and each mortgage
632 correspondent lender licensee may also act as a mortgage broker. [On
633 and after July 1, 2008, an] An application for a license as a mortgage
634 lender, mortgage correspondent lender or mortgage broker office or
635 renewal of such license shall be filed, in a form prescribed by the
636 commissioner, with the system. Each such form shall contain content
637 as set forth by instruction or procedure of the commissioner and may

638 be changed or updated as necessary by the commissioner in order to
639 carry out the purpose of sections 36a-21, 36a-485 to 36a-498f, inclusive,
640 as amended by this act, 36a-534a and 36a-534b, as amended by this act.
641 The applicant shall, at a minimum, furnish to the system information
642 concerning the identity of the applicant, any control person of the
643 applicant, the qualified individual and any branch manager, including
644 personal history and experience in a form prescribed by the system
645 and information related to any administrative, civil or criminal
646 findings by any governmental jurisdiction. The following
647 supplementary information shall be filed directly with the
648 commissioner: (1) In the case of an initial application for a license for
649 the main office, (A) a financial statement as of a date not more than
650 twelve months prior to the filing of the application which reflects
651 tangible net worth, and if such financial statement is unaudited, the
652 proprietor, general partner, or duly authorized officer, trustee or
653 member shall swear to its accuracy under oath before a notary public,
654 and (B) a bond as required by section 36a-492, as amended by this act;
655 (2) evidence that the qualified individual or branch manager meets the
656 experience required by subsection (a) of this section; and (3) such other
657 information pertaining to the applicant, the applicant's background,
658 the background of its principals, employees, mortgage loan
659 originators, and loan processors or underwriters, and the applicant's
660 activities as the commissioner may require. For the purpose of this
661 subsection, evidence of experience of the qualified individual or
662 branch manager shall include: (A) A statement specifying the duties
663 and responsibilities of such person's employment, the term of
664 employment, including month and year, and the name, address and
665 telephone number of a supervisor, employer or, if self-employed, a
666 business reference; and (B) if required by the commissioner, copies of
667 W-2 forms, 1099 tax forms or, if self-employed, 1120 corporate tax
668 returns, signed letters from the employer on the employer's letterhead
669 verifying such person's duties and responsibilities and term of
670 employment including month and year, and if such person is unable to
671 provide such letters, other proof satisfactory to the commissioner that
672 such person meets the experience requirement. The commissioner may

673 conduct a criminal history records check of the applicant, any control
674 person of the applicant and the qualified individual or branch manager
675 with supervisory authority at the office for which the license is sought
676 and require the applicant to submit the fingerprints of such persons
677 and authorization of such persons for the system and the
678 commissioner to obtain an independent credit report from a consumer
679 reporting agency, as described in Section 603(p) of the Fair Credit
680 Reporting Act, 15 USC 1681a, as part of the application.

681 (c) [(1)] The commissioner may issue a mortgage loan originator
682 license or a loan processor or underwriter license. Each mortgage loan
683 originator licensee may also act as a loan processor or underwriter. An
684 application to license an individual as a mortgage loan originator or a
685 loan processor or underwriter for a specified office or renewal of such
686 license shall be filed, in a form prescribed by the commissioner, with
687 the system. Each such form shall contain content as set forth by
688 instruction or procedure of the commissioner and may be changed or
689 updated as necessary by the commissioner in order to carry out the
690 purpose of sections 36a-485 to 36a-498f, inclusive, as amended by this
691 act, 36a-534a and 36a-534b, as amended by this act. The applicant shall,
692 at a minimum, furnish to the system, in a form prescribed by the
693 system, information concerning the applicant's identity, including
694 personal history and experience and information related to any
695 administrative, civil or criminal findings by any governmental
696 jurisdiction. [Effective April 1, 2010, each] Each applicant for a
697 mortgage loan originator [license and, effective October 1, 2011, each
698 applicant for a] or loan processor or underwriter license [,] shall
699 furnish to the system fingerprints for submission to the Federal Bureau
700 of Investigation and any governmental agency or entity authorized to
701 receive such information for a state, national and international criminal
702 history background check. [Effective the later of July 31, 2010, or thirty
703 days after the date the system commences accepting such
704 authorizations for processing, each] Each applicant shall furnish
705 authorization for the system and the commissioner to obtain an
706 independent credit report from a consumer reporting agency, as
707 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC

708 1681a.

709 [(2) Not later than April 1, 2010, each mortgage loan originator
710 licensee shall furnish to the system fingerprints for submission to the
711 Federal Bureau of Investigation and any governmental agency or
712 entity authorized to receive such information for a state, national and
713 international criminal history background check. By July 31, 2010, or
714 thirty days after the system commences accepting such authorizations
715 for processing, whichever is later, each such licensee shall furnish
716 authorization for the system and the commissioner to obtain an
717 independent credit report obtained from a consumer reporting agency
718 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC
719 1681a.]

720 Sec. 12. Section 36a-489 of the general statutes is repealed and the
721 following is substituted in lieu thereof (*Effective October 1, 2016*):

722 (a) (1) The commissioner shall not issue an initial license for a
723 mortgage lender, mortgage correspondent lender or mortgage broker
724 unless the commissioner, at a minimum, finds that: (A) The applicant
725 meets the requirements of subsection (a) of section 36a-488, as
726 amended by this act; (B) notwithstanding the provisions of section 46a-
727 80, the applicant, the control persons of the applicant and the qualified
728 individual or branch manager with supervisory authority at the office
729 for which the license is sought have not been convicted of, or pled
730 guilty or nolo contendere to, a felony in a domestic, foreign or military
731 court during the seven-year period preceding the date of the
732 application for licensing or at any time preceding the date of
733 application if such felony involved an act of fraud, dishonesty, a
734 breach of trust or money laundering, provided any pardon or
735 expungement of a conviction shall not be a conviction for purposes of
736 this subdivision; (C) the applicant demonstrates that the financial
737 responsibility, character and general fitness of the applicant, the
738 control persons of the applicant and the qualified individual or branch
739 manager having supervisory authority over the office for which the
740 license is sought are such as to command the confidence of the

741 community and to warrant a determination that the applicant will
742 operate honestly, fairly and efficiently within the purposes of sections
743 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
744 36a-534b, as amended by this act; (D) the applicant has met the surety
745 bond requirement under section 36a-492, as amended by this act; and
746 (E) the applicant has not made a material misstatement in the
747 application. If the commissioner fails to make such findings, the
748 commissioner shall not issue a license, and shall notify the applicant of
749 the denial and the reasons for such denial. For purposes of this
750 subsection, the level of offense of the crime and the status of any
751 conviction, pardon or expungement shall be determined by reference
752 to the law of the jurisdiction where the case was prosecuted. In the
753 event that such jurisdiction does not use the term "felony", "pardon" or
754 "expungement", such terms shall include legally equivalent events.

755 (2) (A) The minimum standards for license renewal for a mortgage
756 lender, mortgage correspondent lender or mortgage broker shall
757 include the following: (i) The applicant continues to meet the
758 minimum standards under subdivision (1) of this subsection; and (ii)
759 [effective April 1, 2010, each qualified individual and branch manager
760 has completed the prelicensing education requirement described in
761 section 36a-489a and passed a written test that meets the test
762 requirement described in section 36a-489a, or has satisfied the annual
763 continuing education requirements described in subsection (c) of
764 section 36a-489a, as applicable, and effective November 1, 2012, each
765 qualified individual and branch manager is licensed as a mortgage
766 loan originator and has completed any applicable continuing
767 education requirements described in subsection (c) of section 36a-489a;
768 and (iii)] the mortgage lender, mortgage correspondent lender or
769 mortgage broker has paid all required fees for renewal of the license.

770 (B) The license of a mortgage lender, mortgage correspondent
771 lender or mortgage broker failing to satisfy the minimum standards for
772 license renewal shall expire. The commissioner may adopt procedures
773 for the reinstatement of expired licenses consistent with the standards
774 established by the system. The commissioner may automatically

775 suspend a mortgage lender, mortgage correspondent lender or
776 mortgage broker license if the licensee receives a deficiency on the
777 system indicating that the payment required by subparagraph (A) of
778 this subdivision was Returned-ACH or returned pursuant to such
779 other term as may be utilized by the system to indicate that the
780 payment was not accepted. After a license has been automatically
781 suspended pursuant to this section, the commissioner shall give such
782 licensee notice of the automatic suspension, pending proceedings for
783 revocation or refusal to renew pursuant to section 36a-494, as amended
784 by this act, and an opportunity for a hearing on such action in
785 accordance with section 36a-51, and require such licensee to take or
786 refrain from taking such action that, in the opinion of the
787 commissioner, will effectuate the purposes of this section.

788 (b) (1) The commissioner shall not issue an initial license for a
789 mortgage loan originator or a loan processor or underwriter unless the
790 commissioner, at a minimum, finds that the applicant has: (A) Never
791 had a mortgage loan originator or equivalent loan processor or
792 underwriter license revoked in any governmental jurisdiction, except
793 that a subsequent formal vacating of such revocation shall not be
794 deemed a revocation; (B) notwithstanding the provisions of section
795 46a-80, not been convicted of, or pled guilty or nolo contendere to, a
796 felony in a domestic, foreign or military court during the seven-year
797 period preceding the date of the application for licensing or at any
798 time preceding such date of application if such felony involved an act
799 of fraud, dishonesty, a breach of trust, or money laundering, provided
800 any pardon or expungement of a conviction shall not be a conviction
801 for purposes of this subdivision; (C) demonstrated financial
802 responsibility, character and general fitness so as to command the
803 confidence of the community and to warrant a determination that the
804 mortgage loan originator or loan processor or underwriter will operate
805 honestly, fairly and efficiently within the purposes of sections 36a-485
806 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,
807 as amended by this act; (D) [for mortgage loan originator applicants,
808 effective April 1, 2010, and for loan processor or underwriter
809 applicants, effective October 1, 2011,] completed the preclicensing

810 education requirement described in section 36a-489a, amended by this
811 act, and passed a written test that meets the test requirement described
812 in section 36a-489a, as amended by this act; [and, effective November
813 1, 2012, for qualified individuals or branch managers seeking initial
814 licensure as a mortgage loan originator, completed any continuing
815 education required of them in their position as qualified individuals
816 and branch managers pursuant to section 36a-489a; (E) effective July
817 31, 2010,] (E) met the surety bond requirement under section 36a-492,
818 as amended by this act, and [, effective October 1, 2011,] in the case of a
819 mortgage loan originator required to be licensed under section 36a-
820 671e, met the surety bond requirements under sections 36a-492, as
821 amended by this act, and 36a-671d; and (F) not made a material
822 misstatement in the application. If the commissioner denies an
823 application for a mortgage loan originator or a loan processor or
824 underwriter license, the commissioner shall notify the applicant and
825 may notify the sponsor or any other person the commissioner deems
826 appropriate of the denial and the reasons for such denial. For purposes
827 of this subsection, the level of offense of the crime and the status of any
828 conviction, pardon or expungement shall be determined by reference
829 to the law of the jurisdiction where the case was prosecuted. In the
830 event that such jurisdiction does not use the term "felony", "pardon" or
831 "expungement", those terms shall include legally equivalent events.

832 (2) (A) The minimum standards for license renewal for a mortgage
833 loan originator or a loan processor or underwriter shall include the
834 following: (i) The licensee continues to meet the minimum standards
835 for license issuance under subdivision (1) of this subsection; (ii) the
836 licensee has satisfied the annual continuing education requirements
837 described in subsection (c) of section 36a-489a, as amended by this act;
838 and (iii) the licensee has paid all required fees for renewal of the
839 license.

840 (B) The license of a mortgage loan originator or a loan processor or
841 underwriter that fails to satisfy the minimum standards for license
842 renewal shall expire. The commissioner may adopt procedures for the
843 reinstatement of expired licenses consistent with the standards

844 established by the system. The commissioner may automatically
845 suspend a mortgage loan originator or a loan processor or underwriter
846 license if the licensee receives a deficiency on the system indicating
847 that the payment required by subparagraph (A) of subdivision (2) of
848 this subsection was Returned-ACH or returned pursuant to such other
849 term as may be utilized by the system to indicate that the payment was
850 not accepted. After a license has been automatically suspended
851 pursuant to this section, the commissioner shall give such licensee
852 notice of the automatic suspension, pending proceedings for
853 revocation or refusal to renew pursuant to section 36a-494, as amended
854 by this act, and an opportunity for a hearing on such action in
855 accordance with section 36a-51 and require such licensee to take or
856 refrain from taking such action that, in the opinion of the
857 commissioner, will effectuate the purposes of this section.

858 [(3) Not later than April 1, 2010, each mortgage loan originator
859 licensee shall have completed the prelicensing education requirement
860 described in section 36a-489a and passed a written test that meets the
861 test requirement described in section 36a-489a, provided a mortgage
862 loan originator licensee who was licensed as of the enactment of public
863 act 09-209 shall have completed such prelicensing education
864 requirement and passed such written test not later than October 31,
865 2010.]

866 (c) For purposes of this section, a person has shown that such
867 person is not financially responsible when such person has shown a
868 disregard in the management of such person's own financial condition.
869 A determination that a person has not shown financial responsibility
870 may include, but is not limited to: (1) Current outstanding judgments,
871 except judgments solely as a result of medical expenses; (2) current
872 outstanding tax liens or other government liens and filings; (3)
873 foreclosures during the three years preceding the date of application
874 for an initial license or renewal of a license; or (4) a pattern of seriously
875 delinquent accounts within the past three years.

876 (d) (1) Withdrawal of an application for a license filed under

877 subsection (a) or (b) of this section shall become effective upon receipt
878 by the commissioner of a notice of intent to withdraw such application.
879 The commissioner may deny a license up to the date one year after the
880 effective date of withdrawal.

881 (2) If a license expires under this section due to the licensee's failure
882 to renew, the commissioner may institute a revocation or suspension
883 proceeding or issue an order suspending or revoking such license
884 pursuant to section 36a-494, as amended by this act, not later than one
885 year after the date of such expiration.

886 (e) The commissioner may deem an application for a license under
887 this section abandoned if the applicant fails to respond to any request
888 for information required under sections 36a-485 to 36a-498f, inclusive,
889 as amended by this act, 36a-534a and 36a-534b, as amended by this act,
890 or the regulations adopted pursuant to said sections. The
891 commissioner shall notify the applicant on the system that if such
892 information is not submitted not later than sixty days from the date of
893 such request the application shall be deemed abandoned. An
894 application filing fee paid prior to the date an application is deemed
895 abandoned pursuant to this subsection shall not be refunded.
896 Abandonment of an application pursuant to this subsection shall not
897 preclude the applicant from submitting a new application for a license
898 under said sections 36a-485 to 36a-498f, inclusive, as amended by this
899 act, 36a-534a and 36a-534b, as amended by this act.

900 Sec. 13. Section 36a-489a of the general statutes is repealed and the
901 following is substituted in lieu thereof (*Effective October 1, 2016*):

902 (a) (1) In order to meet the prelicensing education and testing
903 requirements referred to in sections 36a-488, as amended by this act,
904 and 36a-489, as amended by this act, an individual shall complete at
905 least twenty-one hours of education approved in accordance with
906 subdivision (2) of this subsection, which shall include at least (A) three
907 hours of instruction on relevant federal law and regulations; (B) three
908 hours of ethics, including instruction on fraud, consumer protection
909 and fair lending issues; (C) two hours of training related to lending

910 standards for the nontraditional mortgage product marketplace; and
911 (D) one hour of relevant Connecticut law.

912 (2) For purposes of subdivision (1) of this subsection, prelicensing
913 education courses shall be reviewed and approved by the system
914 based upon reasonable standards. Review and approval of a
915 prelicensing education course shall include review and approval of the
916 course provider.

917 (3) Nothing in this subsection shall preclude any prelicensing
918 education course, as approved by the system, that is provided by the
919 sponsor or employer of the individual or an entity which is affiliated
920 with the individual by an agency contract, or any subsidiary or affiliate
921 of such sponsor, employer or entity.

922 (4) Prelicensing education may be offered either in a classroom,
923 online or by any other means approved by the system.

924 (5) When prelicensing education requirements described in
925 subdivision (1) of this subsection are completed in another state, such
926 out-of-state prelicensing education requirements shall be accepted as
927 credit towards completion of the prelicensing education requirements
928 of this state, provided such out-of-state prelicensing education
929 requirements are approved by the system.

930 (6) (A) An individual previously licensed under section 36a-489, as
931 amended by this act, [subsequent to the applicable effective date of the
932 prelicensing and testing requirements referred to in section 36a-489,]
933 who is applying to be relicensed shall prove that such individual has
934 completed [all of] the continuing education requirements for the year
935 in which the license was last held.

936 (B) An individual who previously held a position as a qualified
937 individual or branch manager, [subsequent to the applicable effective
938 date of the prelicensing and testing requirements referred to in section
939 36a-488,] at a time when such individual was not required to be
940 licensed as a mortgage loan originator, may not hold such position

941 again until such individual has completed [all of] the continuing
942 education requirements for the year in which such individual last held
943 such position and [, effective November 1, 2012,] has obtained the
944 required mortgage loan originator license.

945 (b) (1) In order to meet the written test requirements referred to in
946 sections 36a-488, as amended by this act, and 36a-489, as amended by
947 this act, an individual shall pass, in accordance with the standards
948 established under this subsection, a qualified written test developed by
949 the system and administered by a test provider approved by the
950 system based upon reasonable standards.

951 (2) A written test shall not be treated as a qualified written test for
952 purposes of subdivision (1) of this subsection unless the test
953 adequately measures the individual's knowledge and comprehension
954 in appropriate subject areas, including ethics, federal law and
955 regulation pertaining to mortgage origination, state law and regulation
956 pertaining to mortgage origination, and federal and state law and
957 regulation, including instruction on fraud, consumer protection, the
958 nontraditional mortgage marketplace and fair lending issues.

959 (3) Nothing in this subsection shall prohibit a test provider
960 approved by the system from providing a test at the location of the
961 sponsor or employer, any subsidiary or affiliate of the sponsor or
962 employer or any entity with which the individual holds an exclusive
963 arrangement to conduct the business of a mortgage loan originator.

964 (4) (A) An individual shall not be considered to have passed a
965 qualified written test unless the individual achieves a test score of not
966 less than seventy-five per cent correct answers to questions.

967 (B) An individual may retake a test three consecutive times with
968 each consecutive taking occurring at least thirty days after the
969 preceding test. After failing three consecutive tests, an individual shall
970 wait at least six months before taking the test again.

971 (C) (i) An individual who was previously licensed [subsequent to

972 the applicable effective date of the prelicensing and testing
973 requirements referred to in section 36a-489] as a mortgage loan
974 originator, who completed the test in connection with such license and
975 who has not been licensed as a mortgage loan originator within the
976 five-year period preceding the date of the filing of such individual's
977 application for a mortgage loan originator license, not taking into
978 account any time during which such individual [is] was a registered
979 mortgage loan originator, shall retake such test; and (ii) [effective
980 October 1, 2011,] an individual previously licensed as a loan processor
981 or underwriter who applies to be licensed again shall retake the test if
982 such individual has not been licensed as a loan processor or
983 underwriter within the five-year period preceding the date of the filing
984 of such application, not taking into account any time during which
985 such individual [is] was engaged in loan processing or underwriting
986 but not required to be licensed under subdivision (3) of subsection (b)
987 of section 36a-486, as amended by this act.

988 (c) (1) In order to meet the annual continuing education
989 requirements referred to in subsections (a) and (b) of section 36a-489,
990 as amended by this act, a licensed mortgage loan originator, a qualified
991 individual or branch manager and [, effective October 1, 2011,] a
992 licensed loan processor or underwriter, shall complete at least eight
993 hours of education approved in accordance with subdivision (2) of this
994 subsection. Such courses shall include at least (A) three hours of
995 instruction on relevant federal law and regulation; (B) two hours of
996 ethics, including instruction on fraud, consumer protection and fair
997 lending issues; (C) two hours of training related to lending standards
998 for the nontraditional mortgage product marketplace; and (D) effective
999 January 1, 2015, one hour of relevant Connecticut law.

1000 (2) For purposes of subdivision (1) of this subsection, continuing
1001 education courses shall be reviewed and approved by the system
1002 based upon reasonable standards. Review and approval of a
1003 continuing education course shall include review and approval of the
1004 course provider.

1005 (3) Nothing in this subsection shall preclude any education course
1006 approved by the system that is provided by the sponsor or employer
1007 or an entity that is affiliated with the mortgage loan originator,
1008 qualified individual, [or] branch manager or [, effective October 1,
1009 2011,] loan processor or underwriter by an agency contract, or by any
1010 subsidiary or affiliate of such sponsor, employer or entity.

1011 (4) Continuing education may be offered either in a classroom,
1012 online or by any other means approved by the system.

1013 (5) Except as provided in procedures adopted under subsections (a)
1014 and (b) of section 36a-489, as amended by this act, or in regulations
1015 adopted under subdivision (9) of this subsection, a licensed mortgage
1016 loan originator, qualified individual, [or] branch manager or [,
1017 effective October 1, 2011,] a licensed loan processor or underwriter,
1018 may only receive credit for a continuing education course in the year
1019 for which the course is taken, and may not take the same approved
1020 course in the same or successive years to meet the annual requirements
1021 for continuing education.

1022 (6) A licensed mortgage loan originator, [or] a qualified individual,
1023 [or] branch manager or [, effective October 1, 2011,] a licensed loan
1024 processor or underwriter who is an approved instructor of an
1025 approved continuing education course may receive credit for the
1026 licensee's own annual continuing education requirement at the rate of
1027 two hours credit for every one hour taught.

1028 (7) When education requirements described in subdivision (1) of
1029 subsection (a) of this section are completed in another state, such out-
1030 of-state education requirements shall be accepted as credit towards
1031 completion of the education requirements of this state, provided such
1032 out-of-state education requirements are approved by the system.

1033 (8) A licensed mortgage loan originator and [, effective October 1,
1034 2011,] a licensed loan processor or underwriter who subsequently
1035 becomes unlicensed must complete the continuing education
1036 requirements for the last year in which the license was held prior to

1037 issuance of an initial or renewed license. A qualified individual or
1038 branch manager who ceases to hold such position shall complete the
1039 continuing education requirements for the last year in which such
1040 individual or branch manager held such position prior to licensure as a
1041 mortgage loan originator.

1042 (9) A person who meets the requirements of subparagraphs (A)(i)
1043 and ~~[(A)(iii)]~~ (A)(ii) of subdivision (2) of subsection (a) or
1044 subparagraphs (A)(i) and (A) (iii) of subdivision (2) of subsection (b) of
1045 section 36a-489, as amended by this act, may compensate for any
1046 deficiency in an individual's continuing education requirements
1047 pursuant to regulations adopted by the commissioner.

1048 (d) For purposes of this section "nontraditional mortgage product"
1049 means any mortgage product other than a thirty-year fixed rate
1050 mortgage.

1051 Sec. 14. Section 36a-490 of the general statutes is repealed and the
1052 following is substituted in lieu thereof (*Effective October 1, 2016*):

1053 (a) (1) A mortgage lender, mortgage correspondent lender and
1054 mortgage broker license shall not be transferable or assignable. No
1055 licensee may use any name other than its legal name or a fictitious
1056 name approved by the commissioner, provided such licensee may not
1057 use its legal name if the commissioner disapproves use of such name.
1058 Any licensee who intends to permanently cease engaging in the
1059 business of making residential mortgage loans or acting as a mortgage
1060 broker at any time during a license period for any cause, including, but
1061 not limited to, bankruptcy or voluntary dissolution, shall file a request
1062 to surrender the license for each office at which the licensee intends to
1063 cease to do business, on the system, not later than fifteen days after the
1064 date of such cessation, provided this requirement shall not apply when
1065 a license has been suspended pursuant to section 36a-51. No surrender
1066 shall be effective until accepted by the commissioner.

1067 (2) A mortgage loan originator licensee who intends to permanently
1068 cease engaging in the business of a mortgage loan originator at any

1069 time during a license period for any cause, including, but not limited
1070 to, bankruptcy, shall file a request to surrender the license on the
1071 system not later than fifteen days after the date of such cessation,
1072 provided this requirement shall not apply when a license has been
1073 suspended pursuant to section 36a-51. No surrender shall be effective
1074 until accepted by the commissioner.

1075 (3) [Effective October 1, 2011, a] A loan processor or underwriter
1076 licensee who intends to permanently cease engaging in the activities of
1077 a loan processor or underwriter at any time during a license period for
1078 any cause, including, but not limited to, bankruptcy, shall file a request
1079 to surrender the license on the system not later than fifteen days after
1080 the date of such cessation, provided this requirement shall not apply
1081 when a license has been suspended pursuant to section 36a-51. No
1082 surrender shall be effective until accepted by the commissioner.

1083 (b) A mortgage lender, mortgage correspondent lender or mortgage
1084 broker licensee may change the name of the licensee or address of the
1085 office specified on the most recent filing with the system if (1) at least
1086 thirty calendar days prior to such change, the licensee files such
1087 change with the system and, in the case of a main or branch office,
1088 provides, directly to the commissioner, a bond rider or endorsement,
1089 or addendum, as applicable, to the surety bond on file with the
1090 commissioner that reflects the new name or address of the main or
1091 branch office, and (2) the commissioner does not disapprove such
1092 change, in writing, or request further information within such thirty-
1093 day period. The licensee shall promptly file any change in the
1094 information most recently submitted in connection with the license
1095 with the system or, if the information cannot be filed on the system,
1096 directly notify the commissioner, in writing, of such change in the
1097 information.

1098 (c) The mortgage lender, mortgage correspondent lender or
1099 mortgage broker licensee shall promptly file with the system or, if the
1100 information cannot be filed on the system, directly notify the
1101 commissioner, in writing, of the occurrence of any of the following

1102 developments:

1103 (1) Filing for bankruptcy, or the consummation of a corporate
1104 restructuring, of the licensee;

1105 (2) Filing of a criminal indictment against the licensee in any way
1106 related to the lending or brokerage activities of the licensee, or
1107 receiving notification of the filing of any criminal felony indictment or
1108 felony conviction of any of the licensee's officers, directors, members,
1109 partners or shareholders owning ten per cent or more of the
1110 outstanding stock;

1111 (3) Receiving notification of the institution of license denial, cease
1112 and desist, suspension or revocation procedures, or other formal or
1113 informal [regulatory] action by any governmental agency against the
1114 licensee and the reasons therefor;

1115 (4) Receiving notification of the initiation of any action by the
1116 Attorney General or the attorney general of any other state and the
1117 reasons therefor;

1118 (5) Receiving notification of a material adverse action with respect
1119 to any existing line of credit or warehouse credit agreement;

1120 (6) Suspension or termination of the licensee's status as an approved
1121 seller or servicer by the Federal National Mortgage Association,
1122 Federal Home Loan Mortgage Corporation or Government National
1123 Mortgage Association;

1124 (7) Exercise of recourse rights by investors or subsequent assignees
1125 of residential mortgage loans if such loans for which the recourse
1126 rights are being exercised, in the aggregate, exceed the licensee's net
1127 worth exclusive of real property and fixed assets;

1128 (8) Receiving notification of filing for bankruptcy of any of the
1129 licensee's officers, directors, members, partners or shareholders
1130 owning ten per cent or more of the outstanding stock of the licensee; or

1131 (9) A decrease in the net worth required by subsection (a) of section
1132 36a-488, as amended by this act.

1133 (d) Each mortgage loan originator licensee and [, effective October 1,
1134 2011, each] loan processor or underwriter licensee shall promptly file
1135 with the system or, if the information cannot be filed on the system,
1136 directly notify the commissioner, in writing, of any change in the
1137 information most recently submitted in connection with the license
1138 and of the occurrence of any of the following developments:

1139 (1) Filing for bankruptcy of the licensee;

1140 (2) Filing of a criminal indictment against the licensee;

1141 (3) Receiving notification of the institution of license or registration
1142 denial, cease and desist, suspension or revocation procedures, or other
1143 formal or informal [regulatory] action by any governmental agency
1144 against the licensee and the reasons therefor; or

1145 (4) Receiving notification of the initiation of any action against the
1146 licensee by the Attorney General or the attorney general of any other
1147 state and the reasons therefor.

1148 (e) Each mortgage lender, mortgage correspondent lender,
1149 mortgage broker, mortgage loan originator and loan processor or
1150 underwriter license shall remain in force and effect until it has been
1151 surrendered, revoked or suspended, or until it expires or is no longer
1152 effective, in accordance with the provisions of this title.

1153 Sec. 15. Section 36a-491 of the general statutes is repealed and the
1154 following is substituted in lieu thereof (*Effective October 1, 2016*):

1155 (a) [The expiration date of any mortgage lender, mortgage
1156 correspondent lender and mortgage broker license that expires on
1157 September 30, 2008, shall be extended to the close of business on
1158 December 31, 2008. On and after July 1, 2008, each] Each mortgage
1159 lender, mortgage correspondent lender, mortgage broker, mortgage
1160 loan originator and [, on and after October 1, 2011, each] loan

1161 processor or underwriter license shall expire at the close of business on
1162 December thirty-first of the year in which it is approved, unless such
1163 license is renewed, and provided any such license that is approved on
1164 or after November first shall expire at the close of business on
1165 December thirty-first of the year following the year in which it is
1166 approved. An application for renewal of a license shall be filed
1167 between November first and December thirty-first of the year in which
1168 the license expires. Each applicant for an initial license or renewal of a
1169 license as a mortgage lender or mortgage correspondent lender shall
1170 pay to the system any required fees or charges and a license fee of one
1171 thousand dollars, and each applicant for an initial or renewal license as
1172 a mortgage broker shall pay to the system any required fees or charges
1173 and a license fee of five hundred dollars. [, provided each mortgage
1174 lender or mortgage correspondent lender licensee who is a licensee on
1175 September 30, 2008, who submits a renewal application shall, at the
1176 time of making such application, pay to the system any required fees
1177 or charges and a license fee of one thousand one hundred twenty-five
1178 dollars and each mortgage broker who was a licensee on June 30, 2008,
1179 who submits a renewal application shall, at the time of making such
1180 application, pay to the system any required fees or charges and a
1181 license fee of five hundred sixty-five dollars. Effective November 1,
1182 2009, each] Each applicant for an initial license or renewal of a license
1183 as a mortgage loan originator [and, effective October 1, 2011, as a] or
1184 loan processor or underwriter [,] shall pay to the system any required
1185 fees or charges and a license fee of three hundred dollars.

1186 (b) All fees paid pursuant to this section, including fees paid in
1187 connection with an application that is denied or withdrawn prior to
1188 the issuance of the license, shall be nonrefundable. No fee paid
1189 pursuant to this section shall be prorated if the license is surrendered,
1190 revoked or suspended prior to the expiration of the period for which it
1191 was approved.

1192 Sec. 16. Section 36a-492 of the 2016 supplement to the general
1193 statutes is repealed and the following is substituted in lieu thereof
1194 (*Effective October 1, 2016*):

1195 (a) (1) Each licensed mortgage lender, mortgage correspondent
1196 lender and mortgage broker shall file with the commissioner a single
1197 surety bond, written by a surety authorized to write such bonds in this
1198 state, covering its main office and file an addendum to such bond to
1199 cover any branch office, in a penal sum determined in accordance with
1200 subsection (d) of this section, provided the penal sum of the bond for
1201 licensed mortgage lenders and mortgage correspondent lenders shall
1202 be not less than one hundred thousand dollars and the penal sum of
1203 the bond for mortgage brokers shall be not less than fifty thousand
1204 dollars. The bond shall cover all mortgage loan originators sponsored
1205 by such licensee.

1206 (2) Each mortgage loan originator licensee shall be covered by a
1207 surety bond with a penal sum in an amount that reflects the dollar
1208 amount of loans originated by such mortgage loan originator in
1209 accordance with subsection (d) of this section, provided such coverage
1210 shall be provided through a single surety bond filed with the
1211 commissioner by the person who sponsors such mortgage loan
1212 originator.

1213 (3) [Effective October 1, 2011,] (A) [in] In the case of an exempt
1214 registrant under subdivision (1), (2) or (3) of subsection (a) of section
1215 36a-487: (i) The surety bond shall cover all mortgage loan originators
1216 sponsored by such exempt registrant and comply with the
1217 requirements set forth in this section, and (ii) the penal sum of such
1218 bond shall be in an amount determined in accordance with subsection
1219 (d) of this section, provided the penal sum of the bond shall be not less
1220 than one hundred thousand dollars; (B) in the case of an exempt
1221 registrant under subsection (b) of section 36a-487: (i) The surety bond
1222 shall cover all mortgage loan originators sponsored by such exempt
1223 registrant and comply with the requirements set forth in this section,
1224 and (ii) the penal sum of the bond shall be in an amount determined in
1225 accordance with subsection (d) of this section, provided the penal sum
1226 shall be not less than fifty thousand dollars; and (C) in the case of an
1227 exempt registrant under subdivision (4) of subsection (a) of section
1228 36a-487, the surety bond shall cover all mortgage loan originators

1229 sponsored by such exempt registrant and comply with the
1230 requirements set forth in section 36a-671d.

1231 (4) (A) The principal on a bond required by subdivisions (1) and (2)
1232 of this subsection shall annually confirm, in connection with any
1233 renewal request, that it maintains the required penal sum in an
1234 amount required by subsection (d) of this section after review of the
1235 preceding four-quarter period ending June thirtieth. The principal
1236 shall file such information as the commissioner may require under
1237 subsection (d) of this section and shall file, as the commissioner may
1238 require, pursuant to subdivision (d) of this section, any bond rider or
1239 endorsement to the surety bond on file with the commissioner to
1240 reflect any changes necessary to maintain the surety bond coverage
1241 required by this section.

1242 (B) [Effective October 1, 2011, the] The principal on a bond required
1243 by subdivision (3) of this subsection shall annually confirm, in
1244 connection with any renewal request, that it maintains the required
1245 penal sum in an amount required by subsection (d) of this section after
1246 review of the preceding four-quarter period ending June thirtieth. The
1247 principal shall file such information as the commissioner may require
1248 under subsection (d) of this section and shall file, as the commissioner
1249 may require pursuant to subsection (d) of this section, any bond rider
1250 or endorsement to the surety bond on file with the commissioner to
1251 reflect any changes necessary to maintain the surety bond coverage
1252 required by this section.

1253 (5) The commissioner may adopt regulations in accordance with
1254 chapter 54 with respect to the requirements for such surety bonds.

1255 (b) The bond required by subsection (a) of this section shall be (1) in
1256 a form approved by the Attorney General, and (2) conditioned upon
1257 the mortgage lender, mortgage correspondent lender or mortgage
1258 broker licensee and any mortgage loan originator licensee sponsored
1259 by such mortgage lender, mortgage correspondent lender or mortgage
1260 broker or, in the case of a mortgage loan originator licensee sponsored
1261 [after October 1, 2011,] by an exempt registrant, upon such mortgage

1262 loan originator licensee faithfully performing any and all written
1263 agreements or commitments with or for the benefit of borrowers and
1264 prospective borrowers, truly and faithfully accounting for all funds
1265 received from a borrower or prospective borrower by the licensee in
1266 the licensee's capacity as a mortgage lender, mortgage correspondent
1267 lender, mortgage broker or mortgage loan originator, and conducting
1268 such mortgage business consistent with the provisions of sections 36a-
1269 485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-
1270 534b, as amended by this act. Any borrower or prospective borrower
1271 who may be damaged by failure to perform any written agreements or
1272 commitments, or by the wrongful conversion of funds paid by a
1273 borrower or prospective borrower to a licensee, may proceed on such
1274 bond against the principal or surety thereon, or both, to recover
1275 damages. [Commencing August 1, 2009, any] Any borrower or
1276 prospective borrower who may be damaged by a mortgage lender,
1277 mortgage correspondent lender, mortgage broker or mortgage loan
1278 originator licensee's failure to satisfy a judgment against the licensee
1279 arising from the making or brokering of a nonprime home loan, as
1280 defined in section 36a-760, may proceed on such bond against the
1281 principal or surety thereon, or both, to recover the amount of the
1282 judgment. The commissioner may proceed on such bond against the
1283 principal or surety thereon, or both, to collect any civil penalty
1284 imposed upon a licensee pursuant to subsection (a) of section 36a-50
1285 and any unpaid costs of examination of a licensee as determined
1286 pursuant to section 36a-65, as amended by this act. The proceeds of the
1287 bond, even if commingled with other assets of the principal, shall be
1288 deemed by operation of law to be held in trust for the benefit of such
1289 claimants against the principal in the event of bankruptcy of the
1290 principal and shall be immune from attachment by creditors and
1291 judgment creditors. The bond shall run concurrently with the period of
1292 the license for the main office and the aggregate liability under the
1293 bond shall not exceed the penal sum of the bond. The principal shall
1294 notify the commissioner of the commencement of an action on the
1295 bond. When an action is commenced on a principal's bond, the
1296 commissioner may require the filing of a new bond and immediately

1297 on recovery on any action on the bond, the principal shall file a new
1298 bond.

1299 (c) The surety company shall have the right to cancel the bond at
1300 any time by a written notice to the principal stating the date
1301 cancellation shall take effect. Such notice shall be sent by certified mail
1302 to the principal at least thirty days prior to the date of cancellation. A
1303 surety bond shall not be cancelled unless the surety company notifies
1304 the commissioner in writing not less than thirty days prior to the
1305 effective date of cancellation. After receipt of such notification from the
1306 surety company, the commissioner shall give written notice to the
1307 principal of the date such bond cancellation shall take effect and such
1308 notice shall be deemed notice to each mortgage loan originator licensee
1309 sponsored by such principal. The commissioner shall automatically
1310 suspend the licenses of a mortgage lender, mortgage correspondent
1311 lender or mortgage broker on such date and inactivate the licenses of
1312 the mortgage loan originators sponsored by such lender,
1313 correspondent lender or broker. [On and after October 1, 2011, in] In
1314 the case of a cancellation of an exempt registrant's bond, the
1315 commissioner shall inactivate the licenses of the mortgage loan
1316 originators sponsored by such exempt registrant. No automatic
1317 suspension or inactivation shall occur if, prior to the date that the bond
1318 cancellation shall take effect, (1) the principal submits a letter of
1319 reinstatement of the bond from the surety company or a new bond, (2)
1320 the mortgage lender, mortgage correspondent lender or mortgage
1321 broker licensee has ceased business and has surrendered all licenses in
1322 accordance with subsection (a) of section 36a-490, as amended by this
1323 act, or (3) in the case of a mortgage loan originator licensee, the
1324 sponsorship with the mortgage lender, mortgage correspondent lender
1325 or mortgage broker who was automatically suspended pursuant to this
1326 section or, [after October 1, 2011,] with the exempt registrant who
1327 failed to provide the bond required by this section, has been
1328 terminated and a new sponsor has been requested and approved. After
1329 a mortgage lender, mortgage correspondent lender or mortgage broker
1330 license has been automatically suspended pursuant to this section, the
1331 commissioner shall give such licensee notice of the automatic

1332 suspension, pending proceedings for revocation or refusal to renew
1333 pursuant to section 36a-494, as amended by this act, and an
1334 opportunity for a hearing on such action in accordance with section
1335 36a-51 and require such licensee to take or refrain from taking such
1336 action as in the opinion of the commissioner will effectuate the
1337 purposes of this section. [Effective October 1, 2011, the] The
1338 commissioner may provide information to an exempt registrant
1339 concerning actions taken by the commissioner pursuant to this
1340 subsection against any mortgage loan originator licensee that was
1341 sponsored and bonded by such exempt registrant.

1342 (d) The penal sum of the bond required by subdivisions (1) to (3),
1343 inclusive, of subsection (a) of this section shall be determined as
1344 follows:

1345 (1) An applicant for an initial mortgage lender license or mortgage
1346 correspondent lender license shall file a bond in a penal sum of one
1347 hundred thousand dollars in connection with its application for the
1348 main office.

1349 (2) An applicant for an initial mortgage broker license shall file a
1350 bond in a penal sum of fifty thousand dollars in connection with its
1351 application for the main office.

1352 (3) [Effective October 1, 2011, an] An exempt registrant under
1353 subsection (d) of section 36a-487 who is exempt from licensure under
1354 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 shall file a
1355 bond in a penal sum of one hundred thousand dollars the first time
1356 such exempt registrant sponsors a mortgage loan originator.

1357 (4) [Effective October 1, 2011, an] An exempt registrant under
1358 subsection (d) of section 36a-487 who is exempt from licensure under
1359 subsection (b) of section 36a-487 shall file a bond in a penal sum of fifty
1360 thousand dollars the first time such exempt registrant sponsors a
1361 mortgage loan originator.

1362 (5) [Effective October 1, 2011, an] An exempt registrant under

1363 subsection (d) of section 36a-487, who is exempt from licensure under
1364 subdivision (4) of subsection (a) of section 36a-487, shall file a bond in
1365 a penal sum as set forth in section 36a-671d.

1366 (6) (A) For mortgage lender and mortgage correspondent lender
1367 licensees [.] and [., after October 1, 2011,] persons sponsoring and
1368 bonding at least one mortgage loan originator as an exempt registrant
1369 under subsection (d) of section 36a-487 and who are exempt from
1370 licensing under subdivision (1), (2) or (3) of subsection (a) of section
1371 36a-487 if: (i) The aggregate dollar amount of all residential mortgage
1372 loans originated by such licensee at all licensed locations or by the
1373 exempt registrant during the preceding four quarters ending June
1374 thirtieth is less than thirty million dollars, the penal sum of the bond
1375 shall be one hundred thousand dollars; (ii) the aggregate dollar
1376 amount of all residential mortgage loans originated by such licensee at
1377 all licensed locations or by the exempt registrant during the preceding
1378 four quarters ending June thirtieth is thirty million dollars or more but
1379 less than one hundred million dollars, the penal sum of the bond shall
1380 be two hundred thousand dollars; (iii) the aggregate dollar amount of
1381 all residential mortgage loans originated by such licensee at all
1382 licensed locations or by the exempt registrant during the preceding
1383 four quarters ending June thirtieth is one hundred million dollars or
1384 more but less than two hundred fifty million dollars, the penal sum of
1385 the bond shall be three hundred thousand dollars; and (iv) the
1386 aggregate dollar amount of all residential mortgage loans originated
1387 by such licensee at all licensed locations or by the exempt registrant
1388 during the preceding four quarters ending June thirtieth is two
1389 hundred fifty million dollars or more, the penal sum of the bond shall
1390 be five hundred thousand dollars.

1391 (B) For mortgage broker licensees and [., after October 1, 2011,]
1392 persons who are sponsoring and bonding at least one mortgage loan
1393 originator as an exempt registrant under subsection (d) of section 36a-
1394 487 and who are exempt from licensing under subsection (b) or (c) of
1395 section 36a-487 [.] if: (i) The aggregate dollar amount of all residential
1396 mortgage loans originated by such licensee at all licensed locations or

1397 by the exempt registrant during the preceding four quarters ending
1398 June thirtieth is less than thirty million dollars, the penal sum of the
1399 bond shall be fifty thousand dollars; (ii) the aggregate dollar amount of
1400 all residential mortgage loans originated by such licensee at all
1401 licensed locations or by the exempt registrant during the preceding
1402 four quarters ending June thirtieth is thirty million dollars or more but
1403 less than fifty million dollars, the penal sum of the bond shall be one
1404 hundred thousand dollars; and (iii) the aggregate dollar amount of all
1405 residential mortgage loans originated by such licensee at all licensed
1406 locations or by the exempt registrant during the preceding four
1407 quarters ending June thirtieth is fifty million dollars or more, the penal
1408 sum of the bond shall be one hundred fifty thousand dollars.

1409 (7) For purposes of this subsection, the aggregate dollar amount of
1410 all residential mortgage loans originated by such licensee or [, after
1411 October 1, 2011, such] exempt registrant [.] includes the aggregate
1412 dollar amount of all closed residential mortgage loans that the licensee
1413 or exempt registrant originated, brokered or made, as applicable.

1414 (8) Financial information necessary to verify the aggregate dollar
1415 amount of residential mortgage loans originated shall be filed with the
1416 commissioner, as the commissioner may require, and shall be reported
1417 on the system at such time and in such form as the system may
1418 require.

1419 (9) The commissioner may require a change in the penal sum of the
1420 bond if the commissioner determines at any time that the aggregate
1421 dollar amount of all residential mortgage loans originated warrants a
1422 change in the penal sum of the bond.

1423 Sec. 17. Subsection (c) of section 36a-494 of the 2016 supplement to
1424 the general statutes is repealed and the following is substituted in lieu
1425 thereof (*Effective October 1, 2016*):

1426 (c) (1) The commissioner may order a licensee to remove any
1427 individual conducting business under sections 36a-485 to 36a-498f,
1428 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended

1429 by this act, from office and from employment or retention as an
1430 independent contractor in the mortgage business in this state
1431 whenever the commissioner finds as the result of an investigation that
1432 such [person] individual: (A) Has violated any of said sections or any
1433 regulation or order issued thereunder; or (B) for any reason that would
1434 be sufficient grounds for the commissioner to deny a license under
1435 section 36a-489, as amended by this act, by sending a notice to such
1436 [person] individual by registered or certified mail, return receipt
1437 requested, or by any express delivery carrier that provides a dated
1438 delivery receipt. The notice shall be deemed received by such [person]
1439 individual on the earlier of the date of actual receipt or seven days
1440 after mailing or sending. Any such notice shall include: (i) A statement
1441 of the time, place and nature of the hearing; (ii) a statement of the legal
1442 authority and jurisdiction under which the hearing is to be held; (iii) a
1443 reference to the particular sections of the general statutes, regulations
1444 or orders alleged to have been violated; (iv) a short and plain
1445 statement of the matters asserted; and (v) a statement indicating that
1446 such [person] individual may file a written request for a hearing on the
1447 matters asserted not later than fourteen days after receipt of the notice.
1448 If the commissioner finds that the protection of borrowers requires
1449 immediate action, the commissioner may suspend any such [person]
1450 individual from office and require such [person] individual to take or
1451 refrain from taking such action as in the opinion of the commissioner
1452 will effectuate the purposes of this subsection, by incorporating a
1453 finding to that effect in such notice. The suspension or prohibition
1454 shall become effective upon receipt of such notice and, unless stayed
1455 by a court, shall remain in effect until the entry of a permanent order
1456 or the dismissal of the matters asserted.

1457 (2) If a hearing is requested within the time specified in the notice,
1458 the commissioner shall hold a hearing upon the matters asserted in the
1459 notice unless such [person] individual fails to appear at the hearing.
1460 After the hearing, if the commissioner finds that any of the grounds set
1461 forth in subparagraph (A) or (B), of subdivision (1) of this subsection
1462 exist with respect to such [person] individual, the commissioner may
1463 order the removal of such [person] individual from office and from

1464 any employment in the mortgage business in this state. If such
1465 [person] individual fails to appear at the hearing, the commissioner
1466 may order the removal of such [person] individual from office and
1467 from employment in the mortgage business in this state.

1468 Sec. 18. Section 36a-498e of the general statutes is repealed and the
1469 following is substituted in lieu thereof (*Effective October 1, 2016*):

1470 No person [or individual] who is required to be licensed and who is
1471 subject to sections 36a-485 to 36a-498f, inclusive, as amended by this
1472 act, 36a-534a and 36a-534b, as amended by this act, may:

1473 (1) Directly or indirectly employ any scheme, device or artifice to
1474 defraud or mislead borrowers or lenders or to defraud any person;

1475 (2) Engage in any unfair or deceptive practice toward any person;

1476 (3) Obtain property by fraud or misrepresentation;

1477 (4) Solicit or enter into a contract with a borrower that provides in
1478 substance that such person or individual may earn a fee or commission
1479 through "best efforts" to obtain a loan even though no loan is actually
1480 obtained for the borrower;

1481 (5) Solicit, advertise or enter into a contract for specific interest rates,
1482 points or other financing terms unless the terms are actually available
1483 at the time of soliciting, advertising or contracting;

1484 (6) Conduct any business as a mortgage lender, mortgage
1485 correspondent lender, mortgage broker, mortgage loan originator or
1486 loan processor or underwriter without holding a valid license as
1487 required under sections 36a-485 to 36a-498f, inclusive, as amended by
1488 this act, 36a-534a and 36a-534b, as amended by this act, or assist or
1489 [aide] aid and abet any person in the conduct of business as a
1490 mortgage lender, mortgage correspondent lender, mortgage broker,
1491 lead generator, mortgage loan originator or loan processor or
1492 underwriter without a valid license as required under said sections
1493 and sections 22 to 31, inclusive, of this act;

1494 (7) Fail to make disclosures as required by sections 36a-485 to 36a-
1495 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
1496 amended by this act, and any other applicable state or federal law
1497 including regulations thereunder;

1498 (8) Fail to comply with sections 36a-485 to 36a-498f, inclusive, as
1499 amended by this act, 36a-534a and 36a-534b, as amended by this act, or
1500 rules or regulations adopted under said sections or fail to comply with
1501 any other state or federal law, including the rules and regulations
1502 thereunder, applicable to any business authorized or conducted under
1503 said sections;

1504 (9) Make, in any manner, any false or deceptive statement or
1505 representation including, with regard to the rates, points or other
1506 financing terms or conditions for a residential mortgage loan, or
1507 engage in bait and switch advertising;

1508 (10) Negligently make any false statement or knowingly and
1509 wilfully make any omission of material fact in connection with any
1510 information or reports filed with a governmental agency or the system,
1511 as defined in section 36a-2, or in connection with any investigation
1512 conducted by the commissioner or another governmental agency;

1513 (11) Make any payment, threat or promise, directly or indirectly, to
1514 any person for the purposes of influencing the independent judgment
1515 of the person in connection with a residential mortgage loan as defined
1516 in section 36a-485, as amended by this act, or make any payment,
1517 threat or promise, directly or indirectly, to any appraiser of a property,
1518 for the purposes of influencing the independent judgment of the
1519 appraiser with respect to the value of the property;

1520 (12) Collect, charge, attempt to collect or charge or use or propose
1521 any agreement purporting to collect or charge any fee prohibited by
1522 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-
1523 534a and 36a-534b, as amended by this act;

1524 (13) Cause or require a borrower to obtain property insurance

1525 coverage in an amount that exceeds the replacement cost of the
1526 improvements as established by the property insurer; or

1527 (14) Fail to truthfully account for moneys belonging to a party to a
1528 residential mortgage loan transaction.

1529 Sec. 19. Section 36a-498f of the general statutes is repealed and the
1530 following is substituted in lieu thereof (*Effective October 1, 2016*):

1531 (a) In addition to any authority provided under this title, the
1532 [Banking Commissioner] commissioner shall have the authority to
1533 conduct investigations and examinations as follows:

1534 (1) For purposes of initial licensing, license renewal, license
1535 suspension, license conditioning, license revocation or termination, or
1536 general or specific inquiry or investigation to determine compliance
1537 with sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1538 36a-534a and 36a-534b, as amended by this act, the commissioner may
1539 access, receive and use any books, accounts, records, files, documents,
1540 information or evidence including, but not limited to: (A) Criminal,
1541 civil and administrative history information; (B) personal history and
1542 experience information including independent credit reports obtained
1543 from a consumer reporting agency described in Section 603(p) of the
1544 federal Fair Credit Reporting Act, 15 USC 1681a; and (C) any other
1545 documents, information or evidence the commissioner deems relevant
1546 to the inquiry or investigation regardless of the location, possession,
1547 control or custody of such documents, information or evidence.

1548 (2) For the purposes of investigating violations or complaints arising
1549 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1550 36a-534a or 36a-534b, as amended by this act, or for the purposes of
1551 examination, the commissioner may review, investigate or examine
1552 any licensee, individual or person subject to said sections as often as
1553 necessary in order to carry out the purposes of said sections. The
1554 commissioner may direct, subpoena or order the attendance of and
1555 examine under oath all persons whose testimony may be required
1556 about the loans or the business or subject matter of any such

1557 examination or investigation, and may direct, subpoena or order such
1558 person to produce books, accounts, records, files and any other
1559 documents the commissioner deems relevant to the inquiry.

1560 (b) Each licensee [, individual] or person subject to sections 36a-485
1561 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,
1562 as amended by this act, shall make or compile reports or prepare other
1563 information as directed by the commissioner in order to carry out the
1564 purposes of this section including accounting compilations,
1565 information lists and data concerning loan transactions in a format
1566 prescribed by the commissioner or such other information the
1567 commissioner deems necessary to carry out the purposes of this
1568 section.

1569 (c) In making any examination or investigation authorized by this
1570 section, the commissioner may control access to any documents and
1571 records of the licensee or person under examination or investigation.
1572 The commissioner may take possession of the documents and records
1573 or place a person in exclusive charge of the documents and records in
1574 the place where they are usually kept. During the period of control, no
1575 [individual or] person shall remove or attempt to remove any of the
1576 documents and records except pursuant to a court order or with the
1577 consent of the commissioner. Unless the commissioner has reasonable
1578 grounds to believe the documents or records of the licensee have been,
1579 or are at risk of being, altered or destroyed for purposes of concealing
1580 a violation of sections 36a-485 to 36a-498f, inclusive, as amended by
1581 this act, 36a-534a or 36a-534b, as amended by this act, the licensee or
1582 owner of the documents and records shall have access to the
1583 documents or records as necessary to conduct its ordinary business
1584 affairs.

1585 (d) In order to carry out the purposes of this section, the
1586 commissioner may:

1587 (1) Retain attorneys, accountants or other professionals and
1588 specialists as examiners, auditors or investigators to conduct or assist
1589 in the conduct of examinations or investigations;

1590 (2) Enter into agreements or relationships with other government
1591 officials or regulatory associations in order to improve efficiencies and
1592 reduce regulatory burden by sharing resources, standardized or
1593 uniform methods or procedures, and documents, records, information
1594 or evidence obtained under this section;

1595 (3) Use, hire, contract or employ public or privately available
1596 analytical systems, methods or software to examine or investigate the
1597 licensee [, individual] or person subject to sections 36a-485 to 36a-498f,
1598 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1599 by this act;

1600 (4) Accept and rely on examination or investigation reports made by
1601 other government officials, within or without this state; and

1602 (5) Accept audit reports made by an independent certified public
1603 accountant for the licensee, individual or person subject to sections
1604 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
1605 36a-534b, as amended by this act, in the course of that part of the
1606 examination covering the same general subject matter as the audit and
1607 may incorporate the audit report in the report of the examination,
1608 report of investigation or other writing of the commissioner.

1609 (e) The authority of this section shall remain in effect, whether such
1610 licensee [, individual] or person subject to sections 36a-485 to 36a-498f,
1611 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1612 by this act, acts or claims to act under any licensing or registration law
1613 of this state, or claims to act without such authority.

1614 (f) No licensee [, individual] or person subject to investigation or
1615 examination under this section may knowingly withhold, abstract,
1616 remove, mutilate, destroy or secrete any books, records, computer
1617 records or other information.

1618 Sec. 20. Section 36a-534b of the general statutes is repealed and the
1619 following is substituted in lieu thereof (*Effective October 1, 2016*):

1620 (a) (1) In addition to any other duties imposed upon the

1621 commissioner by law, the commissioner shall require mortgage
1622 lenders, mortgage correspondent lenders, mortgage brokers, lead
1623 generators, mortgage loan originators and loan processors or
1624 underwriters to be licensed and registered through the system. In
1625 order to carry out this requirement, the commissioner shall participate
1626 in the system and permit the system to process applications for
1627 mortgage lender, mortgage correspondent lender, mortgage broker,
1628 lead generator, mortgage loan originator and loan processor or
1629 underwriter licenses in this state and receive and maintain records
1630 related to such licenses that are allowed or required to be maintained
1631 by the commissioner. For this purpose, the commissioner may
1632 establish requirements as necessary for participation in the system,
1633 including: (A) Background checks for criminal history through (i)
1634 fingerprint or other databases, (ii) civil or administrative records, or
1635 (iii) credit history or any other information as deemed necessary by the
1636 system; (B) the payment of fees to apply for or renew licenses through
1637 the system; (C) the setting or resetting of renewal or reporting dates;
1638 and (D) the requirements for amending or surrendering a license or
1639 any other such activities as the commissioner deems necessary for
1640 participation in the system. For the purpose of participating in the
1641 system, the commissioner may waive or modify, in whole or in part,
1642 by regulation or order, any requirement of this section and sections
1643 36a-485 to 36a-498f, inclusive, as amended by this act, and 36a-534a
1644 and establish new requirements as reasonably necessary to participate
1645 in the system. For the purposes of implementing an orderly and
1646 efficient licensing process, the commissioner may adopt licensing
1647 regulations, in accordance with the provisions of chapter 54, and
1648 interim procedures for licensing and acceptance of applications. For
1649 previously licensed individuals, the commissioner may establish
1650 expedited review and licensing procedures.

1651 (2) The commissioner shall report regularly to the system violations
1652 of and enforcement actions under sections 36a-485 to 36a-498f,
1653 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1654 by this act, and other relevant information.

1655 (3) The commissioner may establish relationships or enter into
1656 contracts with the system or other entities designated by the system to
1657 collect and maintain records and process transaction fees or other fees
1658 related to licensees or other persons subject to sections 36a-485 to 36a-
1659 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
1660 amended by this act.

1661 (4) For the purposes of sections 36a-485 to 36a-498f, inclusive, as
1662 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1663 and to reduce the points of contact that the Federal Bureau of
1664 Investigation may have to maintain for purposes of subsections (b) and
1665 (c) of section 36a-488, as amended by this act, the commissioner may
1666 use the system as a channeling agent for requesting information from
1667 and distributing information to the United States Department of Justice
1668 or any governmental agency.

1669 (5) For the purposes of sections 36a-485 to 36a-498f, inclusive, as
1670 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1671 and to reduce the points of contact that the commissioner may have to
1672 maintain for purposes of subsections (b) and (c) of section 36a-488, as
1673 amended by this act, the commissioner may use the system as a
1674 channeling agent for requesting and distributing information to and
1675 from any source, as directed by the commissioner.

1676 (6) Mortgage lenders, mortgage correspondent lenders, mortgage
1677 brokers, lead generators, mortgage loan originators and [, effective
1678 October 1, 2011, individuals licensed as] loan processors or
1679 underwriters may challenge information entered into the system by
1680 the commissioner. Such challenge shall (A) be made in writing to the
1681 commissioner, (B) set forth the specific information being challenged,
1682 and (C) include any evidence which supports the challenge.
1683 Challenges shall be limited to the factual accuracy of information
1684 within the system. If the commissioner determines that the information
1685 entered into the system is factually inaccurate, the commissioner shall
1686 take prompt action to correct such information. Nothing in this
1687 subdivision shall be construed to permit a challenge under this section

1688 to the merits or factual basis of any administrative action taken by the
1689 commissioner pursuant to this title.

1690 [(b) (1) Each first mortgage lender license and secondary mortgage
1691 lender license in existence on June 30, 2008, shall be deemed on and
1692 after July 1, 2008, to be a mortgage lender license, as defined in section
1693 36a-485; (2) each first mortgage correspondent lender license and
1694 secondary mortgage correspondent lender license in existence on June
1695 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage
1696 correspondent lender license, as defined in section 36a-485; (3) each
1697 first mortgage broker license and secondary mortgage broker license in
1698 existence on June 30, 2008, shall be deemed on and after July 1, 2008, to
1699 be a mortgage broker license, as defined in section 36a-485; and (4)
1700 each originator registration in existence on June 30, 2008, shall be
1701 deemed on and after July 1, 2008, to be a mortgage loan originator
1702 license, as defined in section 36a-485.

1703 (c) (1) Each person licensed on July 1, 2008, as a mortgage lender,
1704 mortgage correspondent lender, mortgage broker or mortgage loan
1705 originator shall, prior to October 1, 2008, transition on to the system by
1706 submitting all licensing and license-related information required by
1707 the system for this state.]

1708 [(2) On and after July 1, 2008, any] (b) Any licensing or license-
1709 related filings shall be submitted exclusively through the system,
1710 except as directed by the commissioner.

1711 [(3)] (c) Any person making any filing or submission of any
1712 information on the system shall do so in accordance with the
1713 procedures and requirements of the system and pay the applicable fees
1714 or charges to the system. Each mortgage lender, mortgage
1715 correspondent lender, mortgage broker, lead generator, mortgage loan
1716 originator and loan processor or underwriter licensee and each exempt
1717 registrant, to the extent required by the system, shall timely submit to
1718 the system accurate reports of condition that shall be in such form and
1719 shall contain such information as the system may require. Failure by a
1720 licensee to submit a timely and accurate report of condition shall

1721 constitute a violation of this provision. Failure of an exempt registrant
1722 to timely and accurately submit a report of condition shall form a basis
1723 to inactivate the licenses of all sponsored mortgage loan originators or
1724 loan processor or underwriters. To the extent that the system does not
1725 require submission of reports of condition by individual mortgage
1726 loan originator or loan processor or underwriter licensees, such
1727 individual licensees shall timely and accurately report all required
1728 information in their possession to their sponsor for purposes of their
1729 sponsor's reporting obligation. Failure of an individual licensee to
1730 timely and accurately report required information in such licensee's
1731 possession to such licensee's sponsor shall constitute a violation of this
1732 provision.

1733 [(d) Notwithstanding the provisions of this section, any initial
1734 application for a license submitted on the system between October 1,
1735 2008, and December 31, 2008, shall not be approved by the
1736 commissioner prior to January 1, 2009.]

1737 Sec. 21. Subdivision (1) of subsection (d) of section 36a-719 of the
1738 general statutes is repealed and the following is substituted in lieu
1739 thereof (*Effective October 1, 2016*):

1740 (d) (1) Withdrawal of an application for a license filed under this
1741 section shall become effective upon [receipt by the commissioner of a
1742 notice of intent to withdraw such application] the commissioner's
1743 acceptance on the system of a withdrawal request. The commissioner
1744 may deny a license up to one year after the effective date of
1745 withdrawal.

1746 Sec. 22. (NEW) (*Effective October 1, 2016*) On and after January 1,
1747 2017, no person shall act as a lead generator, directly or indirectly,
1748 without first obtaining a license under section 23 of this act.

1749 Sec. 23. (NEW) (*Effective October 1, 2016*) (a) The Banking
1750 Commissioner shall issue a lead generator license to an applicant for
1751 such license if the commissioner finds, at a minimum, that: (1) The
1752 applicant demonstrates the character, reputation, integrity and general

1753 fitness of the applicant, the control persons of the applicant and the
1754 qualified individual command the confidence of the community; (2)
1755 the applicant has not made a material misstatement in the application;
1756 and (3) the applicant has met any other requirements determined by
1757 the commissioner. If the commissioner fails to make such findings, the
1758 commissioner shall not issue a license and shall notify the applicant of
1759 the denial and the reasons for such denial. Subject to the provisions of
1760 46a-80 of the general statutes, the commissioner may deny an
1761 application based on the history of criminal convictions of the
1762 applicant, its control persons or qualified individual.

1763 (b) An application for a license as a lead generator or an application
1764 for a license renewal shall be filed, in a form prescribed by the
1765 commissioner, with the system, as defined in section 36a-2 of the
1766 general statutes, and accompanied by the fees required under section
1767 25 of this act. Each such form shall contain content as set forth by
1768 instruction or procedure of the commissioner and may be changed or
1769 updated as necessary by the commissioner in order to carry out of the
1770 purposes of sections 22 to 31, inclusive, of this act. The applicant shall,
1771 at a minimum, furnish to the system information concerning the
1772 identity of the applicant, any control person of the applicant and the
1773 qualified individual, including, but not limited to, personal history and
1774 experience, in a form prescribed by the system and information related
1775 to any administrative, civil or criminal findings by any governmental
1776 jurisdiction. The applicant shall notify the commissioner on the system
1777 of any change to the information submitted in connection with its most
1778 recent application for licensure not later than fifteen days after the
1779 applicant has reason to know of such change. The commissioner, in
1780 accordance with section 29-17a of the general statutes, may conduct a
1781 state or national criminal history records check of the applicant, any
1782 control person of the applicant and the qualified individual, and, in
1783 accordance with section 36a-24b of the general statutes, may require
1784 the submission of fingerprints of such persons to the Federal Bureau of
1785 Investigation or other state, national or international criminal
1786 databases as part of the application.

1787 (c) (1) The minimum standards for license renewal for a lead
1788 generator shall include the following: (A) The applicant continues to
1789 meet the minimum standards under subsection (a) of this section; and
1790 (B) the lead generator has paid all required fees for renewal of the
1791 license.

1792 (2) The license of a lead generator who fails to satisfy the minimum
1793 standards for license renewal shall expire. The commissioner may
1794 adopt procedures for the reinstatement of expired licenses consistent
1795 with the standards established by the system. The commissioner may
1796 automatically suspend a lead generator license if the licensee receives a
1797 deficiency on the system indicating that the payment required by
1798 subdivision (1) of this subsection was Returned-ACH or returned
1799 pursuant to such other term as may be utilized by the system to
1800 indicate that the payment was not accepted. After a license has been
1801 automatically suspended pursuant to this section, the commissioner
1802 shall (A) give such licensee notice of the automatic suspension,
1803 pending proceedings for revocation or refusal to renew pursuant to
1804 section 28 of this act, and an opportunity for a hearing on such action
1805 in accordance with section 36a-51 of the general statutes, and (B)
1806 require such licensee to take or refrain from taking such action that, in
1807 the opinion of the commissioner, will effectuate the purposes of this
1808 section.

1809 (d) (1) Withdrawal of an application for a license shall become
1810 effective upon the commissioner's acceptance on the system of a
1811 withdrawal request. The commissioner may deny a license up to the
1812 date one year after the effective date of withdrawal.

1813 (2) If the license of a lead generator expires due to the licensee's
1814 failure to renew, the commissioner may institute a revocation or
1815 suspension proceeding or issue an order suspending or revoking such
1816 license pursuant to section 28 of this act not later than one year after
1817 the date of such expiration.

1818 (e) The commissioner may deem an application for a license under
1819 this section abandoned if the applicant fails to respond to any request

1820 for information required under sections 22 to 31, inclusive, of this act
1821 or the regulations adopted pursuant to said sections. The
1822 commissioner shall notify the applicant on the system that, if such
1823 information is submitted more than sixty days after the date of such
1824 request, the application shall be deemed abandoned. An application
1825 filing fee paid prior to the date an application is deemed abandoned
1826 pursuant to this subsection shall not be refunded. Abandonment of an
1827 application pursuant to this subsection shall not preclude the applicant
1828 from submitting a new application for a license under sections 22 to 31,
1829 inclusive, of this act.

1830 Sec. 24. (NEW) (*Effective October 1, 2016*) (a) A lead generator license
1831 shall not be transferable or assignable. No licensee may use any name
1832 other than its legal name or a fictitious name approved by the Banking
1833 Commissioner, provided such licensee may not use its legal name if
1834 the commissioner disapproves of the use of such name. Any licensee
1835 who intends to permanently cease acting as a lead generator at any
1836 time during a license period for any cause, including, but not limited
1837 to, bankruptcy or voluntary dissolution, shall file a request to
1838 surrender the license on the system, as defined in section 36a-2 of the
1839 general statutes, not later than fifteen days after the date of cessation,
1840 provided this requirement shall not apply when a license has been
1841 suspended pursuant to section 36a-51 of the general statutes. No
1842 surrender shall be effective until accepted by the commissioner.

1843 (b) A lead generator licensee may change the name of the licensee or
1844 address of the office specified on the most recent filing with the system
1845 if (1) at least thirty calendar days prior to such change, the licensee files
1846 such change with the system, and (2) the commissioner does not
1847 disapprove such change, in writing, or request further information
1848 within such thirty-day period. The licensee shall file any change in the
1849 information most recently submitted in connection with the license
1850 with the system or, if the information cannot be filed on the system,
1851 directly notify the commissioner, in writing, of such change in the
1852 information not later than fifteen days after the licensee has reason to
1853 know of such change.

1854 (c) The lead generator licensee shall file on the system or, if the
1855 information cannot be filed on the system, directly notify the
1856 commissioner, in writing, not later than fifteen days after the
1857 occurrence of any of the following developments:

1858 (1) Filing for bankruptcy, or the consummation of a corporate
1859 restructuring, of the licensee;

1860 (2) Filing of a criminal indictment against the licensee or receiving
1861 notification of the filing of any criminal felony indictment or felony
1862 conviction of any of the licensee's officers, directors, members, partners
1863 or shareholders owning ten per cent or more of the outstanding stock;

1864 (3) Receiving notification of the institution of license denial, cease
1865 and desist, suspension or revocation procedures, or other formal or
1866 informal action by any governmental agency and the reasons therefor;

1867 (4) Receiving notification of the initiation of any action by the
1868 Attorney General of the attorney general of any other state and the
1869 reasons therefor;

1870 (5) Receiving notification of filing for bankruptcy of any of the
1871 licensee's officers, directors, members, partners or shareholders
1872 owning ten per cent or more of the outstanding stock of the licensee; or

1873 (6) Receiving notification of the initiation of a class action lawsuit on
1874 behalf of consumers against the licensee that is related to the operation
1875 of the licensed business.

1876 Sec. 25. (NEW) (*Effective October 1, 2016*) (a) Each lead generator
1877 shall expire at the close of business on December thirty-first of the year
1878 in which it is approved, unless such license is renewed, provided any
1879 such license that is approved on or after November first shall expire at
1880 the close of business on December thirty-first of the year following the
1881 year in which it is approved. An application for renewal of a license
1882 shall be filed between November first and December thirty-first of the
1883 year in which the license expires. Each applicant for an initial license or
1884 renewal of a license as a lead generator shall pay to the system, as

1885 defined in section 36a-2 of the general statutes, any required fees or
1886 charges and a license fee of one thousand dollars.

1887 (b) All fees paid pursuant to this section, including fees paid in
1888 connection with an application that is denied or withdrawn prior to
1889 the issuance of the license, shall be nonrefundable. No fee paid
1890 pursuant to this section shall be prorated if the license is surrendered,
1891 revoked or suspended prior to the expiration of the period for which it
1892 was approved.

1893 Sec. 26. (NEW) (*Effective January 1, 2017*) (a) Each lead generator
1894 shall include the following statement in all advertisements of
1895 residential mortgage loans and solicitations of leads, clearly and
1896 conspicuously expressed: LEAD GENERATOR ONLY, NOT ACTING
1897 IN THE CAPACITY OF A MORTGAGE LOAN ORIGINATOR,
1898 MORTGAGE BROKER, MORTGAGE CORRESPONDENT LENDER
1899 OR MORTGAGE LENDER. INFORMATION RECEIVED WILL BE
1900 SHARED WITH ONE OR MORE THIRD PARTIES IN CONNECTION
1901 WITH YOUR RESIDENTIAL MORTGAGE LOAN INQUIRY.

1902 (b) No lead generator shall: (1) Accept payment of any advance fee,
1903 as such term is defined in section 36a-485 of the general statutes, as
1904 amended by this act, in connection with a residential mortgage loan, or
1905 (2) use, sell, lease, exchange or otherwise transfer or release
1906 information received from a consumer in connection with a residential
1907 mortgage loan inquiry for purposes other than as necessary to facilitate
1908 a residential mortgage loan transaction.

1909 Sec. 27. (NEW) (*Effective October 1, 2016*) A lead generator licensee
1910 shall maintain adequate records of its lead generation activities at the
1911 office named in the license, or, if requested by the Banking
1912 Commissioner, shall make such records available at such office or send
1913 such records to the commissioner by registered or certified mail, return
1914 receipt requested, or by an express delivery carrier that provides a
1915 dated delivery receipt, not later than five business days after requested
1916 by the commissioner to do so. Upon request, the commissioner may
1917 grant a licensee additional time to make such records available or send

1918 them to the commissioner. Such records shall include, for the
1919 preceding two-year period: (1) Copies of all solicitation materials used
1920 in its business regardless of medium, including, but not limited to,
1921 business cards, telephone scripts, mailers, electronic mail, and radio,
1922 television and Internet advertisements, (2) records of any contact or
1923 attempted contact with a consumer, including the name, date, method
1924 and nature of contact, and any information provided to or received
1925 from the consumer, and (3) the name, address and, if applicable,
1926 unique identifier or any person who received, requested or contracted
1927 for leads or referrals and any fees or consideration charged or received
1928 for such services.

1929 Sec. 28. (NEW) (*Effective October 1, 2016*) (a) The Banking
1930 Commissioner may suspend, revoke or refuse to renew any lead
1931 generator license or take any other action, in accordance with the
1932 provisions of section 36a-51 of the general statutes, for any reason
1933 which would be sufficient grounds for the commissioner to deny an
1934 application for such license under sections 22 to 31, inclusive, of this
1935 act, or if the commissioner finds that the licensee, any control person of
1936 the licensee or qualified individual, trustee, employee or agent of such
1937 licensee has done any of the following: (1) Made any material
1938 misstatement in the application; (2) committed any fraud or
1939 misrepresentation; or (3) violated any of the provisions of title 36a of
1940 the general statutes or of any regulations adopted pursuant thereto, or
1941 any other law or regulation applicable to the conduct of its business.

1942 (b) Whenever it appears to the commissioner that any person has
1943 violated, is violating or is about to violate any of the provisions of title
1944 36a of the general statutes or of any regulations adopted pursuant
1945 thereto, or any licensee has committed any fraud or made any
1946 misrepresentation, the commissioner may take action against such
1947 person or licensee in accordance with sections 36a-50 and 36a-52 of the
1948 general statutes.

1949 (c) (1) The commissioner may order a lead generator licensee to
1950 remove any individual conducting business under sections 22 to 31,

1951 inclusive, of this act from office or employment whenever the
1952 commissioner finds as the result of an investigation that such
1953 individual: (A) Has violated any of the provisions of said sections or
1954 any regulation adopted thereunder or of any order issued thereunder;
1955 or (B) for any reason that would cause such licensee to fail to meet
1956 minimum requirements for maintaining the license, by sending a
1957 notice to such individual by registered or certified mail, return receipt
1958 requested, or by any express delivery carrier that provides a dated
1959 delivery receipt. The notice shall be deemed received by such
1960 individual on the earlier of the date of actual receipt or seven days
1961 after mailing or sending. Any such notice shall include: (i) A statement
1962 of the time, place and nature of the hearing; (ii) a statement of the legal
1963 authority and jurisdiction under which the hearing is to be held; (iii) a
1964 reference to the particular sections of the general statutes, regulations
1965 or orders alleged to have been violated; (iv) a short and plain
1966 statement of the matters asserted; and (v) a statement indicating that
1967 such individual may file a written request for a hearing on the matters
1968 asserted not later than fourteen days after receipt of the notice. If the
1969 commissioner finds that the protection of consumers requires
1970 immediate action, the commissioner may suspend any such individual
1971 from office and require such individual to take or refrain from taking
1972 such action as, in the opinion of the commissioner, will effectuate the
1973 purposes of this subsection, by incorporating a finding to that effect in
1974 such notice. The suspension or prohibition shall become effective upon
1975 receipt of such notice and, unless stayed by a court, shall remain in
1976 effect until the entry of a permanent order or the dismissal of the
1977 matters asserted.

1978 (2) If a hearing is requested within the time specified in the notice,
1979 the commissioner shall hold a hearing upon the matters asserted in the
1980 notice unless such individual fails to appear at the hearing. After the
1981 hearing, if the commissioner finds that any of the grounds set forth in
1982 subparagraph (A) or (B) of subdivision (1) of this subsection exist with
1983 respect to such individual, the commissioner may order a licensee to
1984 remove such individual from office and from any employment in the
1985 lead generation business in this state. If such individual fails to appear

1986 at the hearing, the commissioner may order the removal of such
1987 individual from office and from employment in the lead generation
1988 business in this state.

1989 Sec. 29. (NEW) (*Effective October 1, 2016*) The Banking Commissioner
1990 may adopt such regulations, in accordance with chapter 54 of the
1991 general statutes, as the commissioner deems necessary to administer
1992 and enforce the provisions of sections 22 to 31, inclusive, of this act.

1993 Sec. 30. (NEW) (*Effective January 1, 2017*) (a) No lead generator shall:

1994 (1) Initiate any outbound telephone call using an automatic
1995 telephone dialing system or an artificial or prerecorded voice without
1996 the prior express written consent of the recipient;

1997 (2) Fail to transmit the lead generator's name and telephone number
1998 to any caller identification service in use by a consumer;

1999 (3) Initiate an outbound telephone call to a consumer's residence
2000 between nine o'clock p.m. and eight o'clock a.m. local time in the
2001 consumer's location;

2002 (4) Fail to clearly and conspicuously identify the lead generator and
2003 the purpose of the contact in its written and oral communications with
2004 a consumer;

2005 (5) Fail to provide the ability to opt out of any unsolicited
2006 advertisement communicated to a consumer via an electronic mail
2007 address;

2008 (6) Initiate an unsolicited advertisement via electronic mail to a
2009 consumer more than ten business days after the receipt of a request
2010 from such consumer to opt out of such unsolicited advertisements;

2011 (7) Use a subject heading or electronic mail address in a commercial
2012 electronic mail message that would likely mislead a recipient, acting
2013 reasonably under the circumstances, about a material fact regarding
2014 the sender, contents or subject matter of the message;

2015 (8) Sell, lease, exchange or otherwise transfer or release the
2016 electronic mail address or telephone number of a consumer who has
2017 requested to opt out of future solicitations.

2018 (9) Collect, buy, lease, exchange or otherwise transfer or receive an
2019 individual's Social Security number or bank account number;

2020 (10) Use information from a trigger lead when a lender pulls a copy
2021 of a customer's credit report to solicit consumers who have opted out
2022 of firm offers of credit under the federal Fair Credit Reporting Act;

2023 (11) Initiate a telephone call to a consumer who has placed his or her
2024 contact information on a federal or state do not call list, unless the
2025 consumer has provided express written consent;

2026 (12) Represent to the public, through advertising or other means of
2027 communicating or providing information, including the use of
2028 business cards or stationery, brochures, signs or other promotional
2029 items, that such lead generator can or will perform any other activity
2030 requiring licensure under title 36a of the general statutes, unless such
2031 lead generator is duly licensed to perform such other activity or
2032 exempt from such licensure requirements;

2033 (13) Refer applicants to, or receive a fee from, any person who is
2034 required to be licensed under title 36a of the general statutes but was
2035 not so licensed as of the time of performance of such lead generator's
2036 services;

2037 (14) Assist or aid and abet any person in the conduct of business
2038 requiring licensure under title 36a of the general statutes when such
2039 person does not hold the license required;

2040 (15) Directly or indirectly employ any scheme, device or artifice to
2041 defraud or mislead any person;

2042 (16) Make, in any manner, any false, misleading or deceptive
2043 statement or representation in connection with a residential mortgage
2044 loan or engage in bait and switch advertising; or

2045 (17) Negligently make any false statement or knowingly or wilfully
2046 make any omission of material fact in connection with any information
2047 or reports filed with the governmental agency or the system, as
2048 defined in section 36a-2 of the general statutes, or in connection with
2049 any investigation conducted by the Banking Commissioner or other
2050 governmental agency.

2051 (b) A violation of any provision of this section or section 22 or 26 of
2052 this act shall be deemed an unfair or deceptive act or practice pursuant
2053 to subsection (a) of section 42-110b of the general statutes.

2054 Sec. 31. (NEW) (*Effective October 1, 2016*) (a) In addition to any
2055 authority provided under this title, the Banking Commissioner shall
2056 have the authority to conduct investigations and examinations as
2057 follows:

2058 (1) For purposes of initial licensing, license renewal, license
2059 suspension, license conditioning, license revocation or termination, or
2060 general or specific inquiry or investigation to determine compliance
2061 with sections 22 to 31, inclusive, of this act, the commissioner may
2062 access, receive and use any books, accounts, records, files, documents,
2063 information or evidence including, but not limited to, (A) criminal,
2064 civil and administrative history information, (B) personal history and
2065 experience information, and (C) any other documents, information or
2066 evidence the commissioner deems relevant to the inquiry or
2067 investigation regardless of the location, possession, control or custody
2068 of such documents, information or evidence.

2069 (2) For the purposes of investigating violations or complaints arising
2070 under sections 22 to 31, inclusive, of this act or for the purposes of
2071 examination, the commissioner may review, investigate or examine
2072 any lead generator licensee or person subject to said sections as often
2073 as necessary in order to carry out the purposes of said sections. The
2074 commissioner may direct, subpoena or order the attendance of and
2075 examine under oath all persons whose testimony may be required
2076 about the lead generation business or subject matter of any such
2077 examination or investigation, and may direct, subpoena or order such

2078 person to produce books, accounts, records, files and any other
2079 documents the commissioner deems relevant to the inquiry.

2080 (b) Each lead generator licensee or person subject to sections 22 to
2081 31, inclusive, of this act shall make or compile reports or prepare other
2082 information as directed by the commissioner in order to carry out the
2083 purposes of this section including accounting compilations,
2084 information lists and data concerning residential mortgage loan
2085 transactions in a format prescribed by the commissioner or such other
2086 information the commissioner deems necessary to carry out the
2087 purposes of sections 22 to 31, inclusive, of this act.

2088 (c) In making any examination or investigation authorized by this
2089 section, the commissioner may control access to any documents and
2090 records of the lead generator licensee or person under examination or
2091 investigation. The commissioner may take possession of the
2092 documents and records or place a person in exclusive charge of the
2093 documents and records in the place where they are usually kept.
2094 During the period of control, no person shall remove or attempt to
2095 remove any of the documents and records except pursuant to a court
2096 order or with the consent of the commissioner. Unless the
2097 commissioner has reasonable grounds to believe the documents or
2098 records of the lead generator licensee or person have been, or are at
2099 risk of being, altered or destroyed for purposes of concealing a
2100 violation of sections 22 to 31, inclusive, of this act, the lead generator
2101 licensee or owner of the documents and records shall have access to
2102 the documents or records as necessary to conduct its ordinary business
2103 affairs.

2104 (d) In order to carry out the purposes of this section, the
2105 commissioner may:

2106 (1) Retain attorneys, accountants or other professionals and
2107 specialists as examiners, auditors or investigators to conduct or assist
2108 in the conduct of examinations or investigations;

2109 (2) Enter into agreements or relationships with other government

2110 officials or regulatory associations in order to improve efficiencies and
2111 reduce regulatory burden by sharing resources, standardized or
2112 uniform methods or procedures, and documents, records, information
2113 or evidence obtained under this section;

2114 (3) Use, hire, contract for or employ public or privately available
2115 analytical systems, methods or software to examine or investigate the
2116 lead generator licensee or person subject to sections 22 to 31, inclusive,
2117 of this act;

2118 (4) Accept and rely on examination or investigation reports made by
2119 other government officials, within or without this state; and

2120 (5) (A) Accept audit reports made by an independent certified
2121 public accountant for the lead generator licensee or person subject to
2122 sections 22 to 31, inclusive, of this act, in the course of that part of the
2123 examination covering the same general subject matter as the audit, and
2124 (B) incorporate the audit report into the report of investigation or
2125 examination or other writing of the commissioner.

2126 (e) The authority of this section shall remain in effect, regardless of
2127 whether such lead generator licensee or person subject to sections 22 to
2128 31, inclusive, of this act, acts or claims to act under any licensing or
2129 registration law of this state, or claims to act without such authority.

2130 (f) No lead generator licensee or person subject to investigation or
2131 examination under this section may knowingly withhold, abstract,
2132 remove, mutilate, destroy or secrete any books, records, computer
2133 records or other information.

2134 Sec. 32. Subdivision (6) of subsection (c) of section 36a-65 of the
2135 general statutes is repealed and the following is substituted in lieu
2136 thereof (*Effective October 1, 2016*):

2137 (6) A licensee under section 36a-489, as amended by this act, 36a-
2138 541, 36a-556, 36a-581, 36a-600, 36a-628, 36a-656, 36a-671, 36a-719, as
2139 amended by this act, or 36a-801 or section 23 of this act shall pay to the
2140 commissioner the actual cost of any examination of the licensee, as

2141 such cost is determined by the commissioner. If the licensee fails to pay
2142 such cost not later than sixty days after receipt of demand from the
2143 commissioner, the commissioner may suspend the license until such
2144 costs are paid.

2145 Sec. 33. Subsection (c) of section 4-182 of the general statutes is
2146 repealed and the following is substituted in lieu thereof (*Effective*
2147 *October 1, 2016*):

2148 (c) No revocation, suspension, annulment or withdrawal of any
2149 license is lawful unless, prior to the institution of agency proceedings,
2150 the agency gave notice by mail or personal delivery to the licensee of
2151 facts or conduct which warrant the intended action and the specific
2152 provisions of the general statutes or of regulations adopted by the
2153 agency that authorize such intended action, and the licensee was given
2154 an opportunity to show compliance with all lawful requirements for
2155 the retention of the license. If the agency finds that public health, safety
2156 or welfare imperatively requires emergency action, and incorporates a
2157 finding to that effect in its order, summary suspension of a license may
2158 be ordered pending proceedings for revocation or other action. These
2159 proceedings shall be promptly instituted and determined.

2160 Sec. 34. Subdivision (1) of section 36b-3 of the general statutes is
2161 repealed and the following is substituted in lieu thereof (*Effective July*
2162 *1, 2016*):

2163 (1) "Agent" means any individual, other than a broker-dealer, who
2164 represents a broker-dealer or issuer in effecting or attempting to effect
2165 purchases or sales of securities. "Agent" does not include an individual
2166 who represents an issuer in (A) effecting transactions in a security
2167 exempted by subdivision (1), (2), (3), (4), (6), (9), (10), (11) or (22) of
2168 subsection (a) of section 36b-21, (B) effecting transactions exempted by
2169 subsection (b) of section 36b-21, except for transactions exempted by
2170 subdivisions (10), (13) or (14) of said subsection, (C) effecting
2171 transactions with existing employees, partners or directors of the
2172 issuer if no commission or other remuneration is paid or given directly
2173 or indirectly for soliciting any person in this state, or (D) effecting

2174 transactions in any covered security, except for covered securities
2175 within the meaning of Sections 18(b)(2) or [18(b)(4)(D)] 18(b)(4)(E) of
2176 the Securities Act of 1933. "Agent" does not include such other persons
2177 not within the intent of this subdivision as the commissioner may by
2178 regulation or order determine. A general partner, officer or director of
2179 a broker-dealer or issuer, or a person occupying a similar status or
2180 performing similar functions, is an agent only if such person otherwise
2181 comes within this definition and any compensation that such person
2182 receives is directly or indirectly related to purchases or sales of
2183 securities.

2184 Sec. 35. Subsection (a) of section 36b-6 of the general statutes is
2185 repealed and the following is substituted in lieu thereof (*Effective from*
2186 *passage*):

2187 (a) No person shall transact business in this state as a broker-dealer
2188 unless such person is registered under sections 36b-2 to 36b-34,
2189 inclusive. No person shall transact business in this state as a broker-
2190 dealer in contravention of a sanction that is currently effective imposed
2191 by the Securities and Exchange Commission or by a self-regulatory
2192 organization of which such person is a member if the sanction would
2193 prohibit such person from effecting transactions in securities in this
2194 state. No individual shall transact business as an agent in this state
2195 unless such individual is (1) registered as an agent of the broker-dealer
2196 or issuer whom such individual represents in transacting such
2197 business, or (2) an associated person who represents a broker-dealer in
2198 effecting transactions described in subdivisions [(2) and (3) of Section
2199 15(h)] (3) and (4) of Section 15(i) of the Securities Exchange Act of 1934.
2200 No individual shall transact business in this state as an agent of a
2201 broker-dealer in contravention of a sanction that is currently effective
2202 imposed by the Securities and Exchange Commission or a self-
2203 regulatory organization of which the employing broker-dealer is a
2204 member if the sanction would prohibit the individual employed by
2205 such broker-dealer from effecting transactions in securities in this state.

2206 Sec. 36. Section 36b-14 of the general statutes is repealed and the

2207 following is substituted in lieu thereof (*Effective from passage*):

2208 (a) (1) Every registered investment adviser shall make, keep and
2209 preserve such accounts, correspondence, memoranda, papers, books
2210 and other records as the commissioner by regulation adopted, in
2211 accordance with chapter 54, or order prescribes. All such records shall
2212 be preserved for such period as the commissioner by regulation or
2213 order prescribes.

2214 (2) Every investment adviser that is registered with the Securities
2215 and Exchange Commission or excepted from the definition of
2216 investment adviser under Section 202(a)(11) of the Investment
2217 Advisers Act of 1940, and every registered broker-dealer, shall make,
2218 keep and preserve such accounts, correspondence, memoranda,
2219 papers, books and other records as the Securities and Exchange
2220 Commission requires. All such records shall be preserved for such
2221 period as the Securities and Exchange Commission requires.

2222 (3) Broker-dealer records required to be maintained under
2223 subdivision (2) of this subsection may be maintained in any form of
2224 data storage acceptable under Section 17(a) of the Securities Exchange
2225 Act of 1934 if they are readily accessible to the commissioner.
2226 Investment adviser records required to be maintained under this
2227 section may be stored on microfilm, microfiche or on an electronic data
2228 processing system or similar system utilizing an internal memory
2229 device provided that a printed copy of any such record is immediately
2230 accessible.

2231 (b) (1) Every registered investment adviser shall file such financial
2232 reports as the commissioner by regulation prescribes.

2233 (2) Every investment adviser that is registered with the Securities
2234 and Exchange Commission or excepted from the definition of
2235 investment adviser under Section 202(a)(11) of the Investment
2236 Advisers Act of 1940, and, subject to Section [15(h)] 15(i) of the
2237 Securities Exchange Act of 1934, every registered broker-dealer shall
2238 file such financial reports as the commissioner by regulation

2239 prescribes, except that the commissioner shall not require the filing of
2240 financial reports that are not required to be filed with the Securities
2241 and Exchange Commission.

2242 (c) If the information contained in any document filed with the
2243 commissioner under this section is or becomes inaccurate or
2244 incomplete in any material respect, the person making the filing shall
2245 promptly file a correcting amendment unless notification of the
2246 correction has been given under sections 36b-2 to 36b-34, inclusive.

2247 (d) All the records of a registered investment adviser and a
2248 registered broker-dealer referred to in subsection (a) of this section are
2249 subject at any time or from time to time to such reasonable periodic,
2250 special or other examinations by the commissioner, within or without
2251 this state, as the commissioner deems necessary or appropriate in the
2252 public interest or for the protection of investors. Every registered
2253 investment adviser and every registered broker-dealer shall keep such
2254 records open to examination by the commissioner and, upon the
2255 commissioner's request, shall provide copies of any such records to the
2256 commissioner. For the purpose of avoiding unnecessary duplication of
2257 examinations, the commissioner, insofar as the commissioner deems it
2258 practicable in administering this subsection, may cooperate with the
2259 securities administrators of other states, the Securities and Exchange
2260 Commission, and any self-regulatory organization.

2261 (e) Subject to Section [15(h)] 15(i) of the Securities Exchange Act of
2262 1934 or Section 222 of the Investment Advisers Act of 1940, an agent
2263 may not have custody of funds or securities of a customer except
2264 under the supervision of a broker-dealer and an investment adviser
2265 agent may not have custody of funds or securities of a client except
2266 under the supervision of an investment adviser. Subject to Section
2267 [15(h)] 15(i) of the Securities Exchange Act of 1934 or Section 222 of the
2268 Investment Advisers Act of 1940, the commissioner may, by regulation
2269 adopted, in accordance with chapter 54, or order, prohibit, limit or
2270 impose conditions on a broker-dealer regarding custody of funds or
2271 securities of a customer and on an investment adviser regarding

2272 custody of funds or securities of a client.

2273 Sec. 37. Subsection (e) of section 36b-21 of the general statutes is
2274 repealed and the following is substituted in lieu thereof (*Effective from*
2275 *passage*):

2276 (e) Any person who offers or sells a security that is a covered
2277 security under Section [18(b)(4)(D)] 18(b)(4)(E) of the Securities Act of
2278 1933 shall file a notice with the commissioner within fifteen days after
2279 the first sale of such a security in this state. Such notice shall contain
2280 such information as the commissioner may require and shall be
2281 accompanied by a consent to service of process as required by
2282 subsection (g) of section 36b-33 and a nonrefundable fee of one
2283 hundred fifty dollars.

2284 Sec. 38. Subsection (d) of section 36b-31 of the general statutes is
2285 repealed and the following is substituted in lieu thereof (*Effective from*
2286 *passage*):

2287 (d) Subject to Section [15(h)] 15(i) of the Securities Exchange Act of
2288 1934 and Section 222 of the Investment Advisers Act of 1940, the
2289 commissioner may, by regulation or order, prescribe: (1) The form and
2290 content of financial statements required under sections 36b-2 to 36b-34,
2291 inclusive; (2) the circumstances under which consolidated financial
2292 statements shall be filed; and (3) whether any required financial
2293 statements shall be certified by independent certified public
2294 accountants. All financial statements shall be prepared in accordance
2295 with generally accepted accounting principles.

2296 Sec. 39. Section 36a-773 of the general statutes is repealed and the
2297 following is substituted in lieu thereof (*Effective October 1, 2016*):

2298 Every retail seller or sales finance company, if insurance is included
2299 in a retail installment contract, shall, within fifteen days after execution
2300 of the retail installment contract, send or cause to be sent to the retail
2301 buyer a policy or policies or certificate of insurance clearly setting forth
2302 the amount of the premium, the kind or kinds of insurance and the

2303 scope of the coverage and all of the terms, exceptions, limitations,
2304 restrictions and conditions of the insurance contract or contracts. [of
2305 the insurance.] In the event of repossession of goods under section 36a-
2306 785, as amended by this act, where the holder of the retail installment
2307 contract has received a refund of all or part of the unearned insurance
2308 premiums paid by the retail buyer in connection with the retail
2309 installment contract, the holder shall apply such amount toward the
2310 balance of the retail buyer's obligations under the retail installment
2311 contract. For purposes of this section, "unearned insurance premiums"
2312 means the premiums that are collected by an insurer in advance, but
2313 subject to return if the coverage under the insurance contract or
2314 contracts ends before the term covered by the premiums is complete.

2315 Sec. 40. Section 36a-774 of the 2016 supplement to the general
2316 statutes is repealed and the following is substituted in lieu thereof
2317 (*Effective October 1, 2016*):

2318 Every installment loan contract shall be in writing executed by the
2319 retail buyer and a copy thereof shall be delivered to such retail buyer
2320 at the time of the execution thereof. Within fifteen days after the
2321 execution of such installment loan contract, the holder thereof shall
2322 send or cause to be sent to the retail buyer a policy or policies or
2323 certificates of insurance clearly setting forth the amount of the
2324 premium, the kind or kinds of insurance and the scope of the coverage
2325 and all of the terms, exceptions, limitations, restrictions and conditions
2326 of the insurance contract or contracts. [of the insurance.] Every
2327 installment loan contract for the purchase of consumer goods subject to
2328 section 36a-771 and this section shall set forth the information required
2329 to be disclosed under sections 36a-675 to 36a-686, inclusive, and the
2330 regulations thereunder, using the form, content and terminology
2331 provided therein.

2332 Sec. 41. Section 36a-778 of the general statutes is repealed and the
2333 following is substituted in lieu thereof (*Effective October 1, 2016*):

2334 The holder of any retail installment contract or any installment loan
2335 contract shall not receive or collect any charges or expenses for

2336 [delinquency and collection] collecting any delinquent payment,
2337 including, but not limited to, any service fees for accepting delinquent
2338 payments over the telephone or Internet, except as follows: The holder
2339 of a retail installment contract or installment loan contract, [other than]
2340 except a contract for the purchase of a commercial vehicle or an
2341 installment loan contract regulated by sections 36a-555 to 36a-573,
2342 inclusive, may collect a delinquency and collection charge for default
2343 in the payment of any such contract or installment [thereof] of such
2344 contract, when such default has continued for a period of ten days,
2345 such charge not to exceed five per cent of the amount of the
2346 installments in default or the sum of ten dollars, whichever is the
2347 lesser. [; provided this provision shall have no application to
2348 installment loan contracts regulated by sections 36a-555 to 36a-573,
2349 inclusive.] The holder of any retail installment contract or any
2350 installment loan contract for the purchase of a commercial vehicle, as
2351 defined in section 36a-770, except an installment loan contract
2352 regulated by sections 36a-555 to 36a-573, inclusive, may collect a
2353 delinquency and collection charge for default in the payment of any
2354 such contract or installment [thereof] of such contract, when such
2355 default has continued for a period of ten days, such charge not to
2356 exceed five per cent of the amount of the installments in default. [,
2357 provided this provision shall have no application to installment loan
2358 contracts regulated by sections 36a-555 to 36a-573, inclusive.] In
2359 addition to any such delinquency and collection charge, the retail
2360 installment contract or the installment loan contract may provide for
2361 the payment of attorney's fees not exceeding fifteen per cent of the
2362 amount due and payable under such contract when such contract is
2363 referred to an attorney, who is not a salaried employee of the holder of
2364 the contract, for collection, plus the court costs. The restriction on
2365 charges [herein provided] under this section shall not apply to any
2366 expenses permitted under section 36a-785, as amended by this act.

2367 Sec. 42. Section 36a-785 of the 2016 supplement to the general
2368 statutes is repealed and the following is substituted in lieu thereof
2369 (*Effective October 1, 2016*):

2370 (a) When the retail buyer is in default in the payment of any sum
2371 due under the retail installment contract or installment loan contract,
2372 or in the performance of any other condition that such contract
2373 requires [him] the retail buyer to perform, or in the performance of any
2374 promise, the breach of which is by such contract expressly made a
2375 ground for the retaking of the goods, the holder of the contract may
2376 retake possession [thereof] of such goods, provided the filing of a
2377 petition in bankruptcy under 11 USC Chapter 7 by a retail buyer of a
2378 motor vehicle, or such retail buyer's status as a debtor in bankruptcy,
2379 shall not be considered a default of a retail installment contract or
2380 ground for repossession of such motor vehicle. Unless the goods can
2381 be retaken without breach of the peace, [it] the goods shall be retaken
2382 by legal process, [but nothing herein contained] provided nothing
2383 contained in this section shall be construed to authorize a violation of
2384 the criminal law. In the case of repossession of any motor vehicle
2385 without the knowledge of the retail buyer, the local police department
2386 shall be notified of such repossession [within] not later than two hours
2387 after repossession. In the absence of a local police department or if the
2388 local police department cannot be reached for notification, the state
2389 police shall be promptly notified of such repossession.

2390 (b) Not less than ten days prior to the retaking, the holder of such
2391 contract [, if he so desires,] may serve upon the retail buyer, personally
2392 or by registered or certified mail, a notice of intention to retake the
2393 goods on account of the buyer's default. The notice shall state [the] that
2394 the retail buyer is in default and the period at the end of which such
2395 goods will be retaken and designate (1) the obligations required to be
2396 performed in order to cure the default, including the dollar amount of
2397 any required payment, and (2) the date by which such obligations
2398 must be performed. The notice shall briefly and clearly state [what] the
2399 retail buyer's rights under this subsection [will be] in [case] the event
2400 such goods are retaken. If the notice is so served and the buyer does
2401 not perform the conditions and provisions [as to which he is in]
2402 required under the contract to cure the default before the day set for
2403 retaking, the holder of the contract may retake said goods and hold
2404 such goods subject to the provisions of subsections (d), (e), (f), (g) and

2405 (h) of this section regarding resale, but without any right of
2406 redemption.

2407 (c) If the holder of such contract does not give the notice of intention
2408 to retake, described in subsection (b) of this section, [he] the holder
2409 shall retain such goods for fifteen days after the retaking within the
2410 state in which [they] such goods were located when retaken. During
2411 such period the retail buyer, upon payment or tender of the
2412 unaccelerated amount due under such contract at the time of retaking
2413 and interest, or upon performance or tender of performance of such
2414 other condition as may be named in such contract as precedent to the
2415 retail buyer's continued possession of such goods, or upon
2416 performance or tender of performance of any other promise for the
2417 breach of which such goods were retaken, and upon payment of the
2418 actual and reasonable expenses of any retaking and storing, may
2419 redeem such goods and become entitled to take possession of [the
2420 same] such goods and to continue in the performance of such contract
2421 as if no default had occurred. The holder of such contract shall, [within
2422 three days of] not later than three days after the retaking, furnish or
2423 mail, by registered or certified mail, to the last known address of the
2424 buyer, a written statement of the unaccelerated sum due under such
2425 contract and the actual and reasonable expense of any retaking and
2426 storing. [For failure] Failure to furnish or mail such statement as
2427 required by this section [, the holder of the contract shall forfeit the]
2428 shall result in forfeiture of the holder's right to claim payment for the
2429 actual and reasonable expenses of retaking and storage, and [also] the
2430 holder shall be liable for the actual damages suffered because of such
2431 failure. If such goods are perishable so that retention for fifteen days
2432 [as herein prescribed] under subsection (d) of this section would result
2433 in their destruction or substantial injury, the provisions of this
2434 subsection shall not apply and the holder of the contract may resell the
2435 goods immediately upon such retaking.

2436 (d) If the retail buyer does not redeem such goods within fifteen
2437 days after the holder of the contract has retaken possession, the holder
2438 of the contract shall sell such goods at public or private sale [which

2439 sale may be held] not less than fifteen days and [shall be held] not
2440 more than one hundred eighty days after the retaking. When the
2441 holder of the contract retakes possession by legal process, and an
2442 answer is interposed, the holder of the contract may, at his election,
2443 hold such retaken goods for a period not to exceed thirty days after the
2444 entry of final judgment by a court of competent jurisdiction entitling
2445 the holder of the contract to possession of such goods before holding
2446 such resale. The holder of the contract shall give the retail buyer not
2447 less than ten days' written notice of the time and place of any public
2448 sale, or the time after which any private sale or other intended
2449 disposition is to be made, either personally or by registered mail or by
2450 certified mail, [receipted for on mailing] return receipt requested,
2451 directed to the retail buyer at [his] such retail buyer's last-known place
2452 of business or residence. The holder of the contract may bid for such
2453 goods at any public sale. The proceeds of the resale shall be considered
2454 to be either the amount paid for such goods at such sale or the fair cash
2455 retail market value of such goods at the time of repossession,
2456 whichever is the greater, except as otherwise provided in subsection
2457 (g) of this section.

2458 (e) Proceeds of the resale shall be applied in the following order of
2459 priority: (1) First, to the payment of the actual and reasonable expenses
2460 [thereof] of such resale, (2) if, after application pursuant to subdivision
2461 (1) of this subsection, there are proceeds remaining, then to the
2462 payment of the actual and reasonable expenses of any retaking and
2463 storing of said goods, and (3) if, after application pursuant to
2464 subdivisions (1) and (2) of this subsection, there are proceeds
2465 remaining, then to the satisfaction of the balance due under the
2466 contract. [Within thirty days of] Not later than thirty days after the
2467 resale, the holder of the contract shall give the retail buyer a written
2468 statement itemizing the disposition of the proceeds. Any sum
2469 remaining after the satisfaction of such claims shall be paid to the retail
2470 buyer.

2471 (f) [Notwithstanding that] Even if the proceeds of the resale are [not
2472 sufficient] insufficient to defray the actual and reasonable expenses

2473 [thereof] of such resale, and [also] such actual and reasonable expenses
2474 of any retaking and storing of such goods and the balance due under
2475 the contract, the holder of the contract may not recover the deficiency
2476 from the retail buyer or any surety or guarantor for [him] the retail
2477 buyer, or from anyone who has succeeded to the obligations of such
2478 retail buyer, except as provided in subsection (g) of this section.

2479 (g) If the goods retaken consist of a motor vehicle the aggregate cash
2480 price of which was more than [two] six thousand dollars, the prima
2481 facie fair market value of such motor vehicle shall be calculated by
2482 adding together the [average] highest-stated trade-in value for [that]
2483 such motor vehicle and the [average] highest-stated retail value for
2484 [that] such motor vehicle and dividing [that] the sum of such values by
2485 two. Such [average] highest-stated trade-in value and [average]
2486 highest-stated retail value shall be determined by the values as stated
2487 in the National Automobile Dealers Association Used Car Guide,
2488 Eastern Edition, as of the date of repossession. If an average trade-in
2489 value is not stated in said guide, the highest trade-in value stated in
2490 said guide for the motor vehicle shall be used. If the goods retaken
2491 consist of a boat the aggregate cash price of which was more than
2492 [two] six thousand dollars, the prima facie fair market value of such
2493 boat shall be calculated by adding together the [average] highest-
2494 stated trade-in value for [that] such boat and the [average] highest-
2495 stated retail value for [that] such boat and dividing [that] the sum of
2496 such values by two. Such [average] highest-stated trade-in value and
2497 [average] highest-stated retail value shall be determined by the values
2498 as stated in the National Automobile Dealers Association Appraisal
2499 Guide for Boats, Eastern Edition, as of the date of repossession. If an
2500 average trade-in value is not stated in said guide, the highest trade-in
2501 value stated in said guide for the boat shall be used. In the event that
2502 the value of such motor vehicle or boat is not stated in such
2503 publication, [then] the fair market value at retail minus the reasonable
2504 costs of resale shall be determined by the court. The prima facie
2505 evidence of fair market value of such motor vehicle or boat so
2506 determined may be rebutted only by direct in-court testimony. If such
2507 value of the motor vehicle or boat is less than the balance due under

2508 the contract, plus the actual and reasonable expenses of the retaking of
2509 possession, the holder of the contract may recover from the retail
2510 buyer, or from anyone who has succeeded to [his] such retail buyer's
2511 obligations, as a deficiency, the amount by which such liability exceeds
2512 such fair market value, as defined in this subsection. If the actual resale
2513 price received by the holder exceeds such fair market value, as defined
2514 in this subsection, the actual resale price shall govern.

2515 (h) After the holder retakes possession as provided in subsection (a)
2516 of this section, or if the holder obtains a prejudgment remedy against
2517 the goods under chapter 903a, the retail buyer or anyone who has
2518 succeeded to [his] such retail buyer's obligations shall not be liable for
2519 any balance due, except to the extent permitted by subsection (g) of
2520 this section. The holder may seek a monetary judgment on the contract
2521 against the buyer unless the goods have been repossessed, with or
2522 without judicial process. Goods purchased under the contract shall not
2523 be executed upon to satisfy such judgment. When such judgment
2524 becomes final, the holder's security interest in the goods shall be
2525 extinguished. If the contract covers a retail sale of a motor vehicle
2526 required to be registered, the holder shall comply with section 14-188.

2527 (i) If the holder of the contract fails to comply with the provisions of
2528 subsections (c), (d), (e), (f), (g) and (h) of this section, after retaking the
2529 goods, the retail buyer may recover from the holder of the contract
2530 [his] such retail buyer's actual damages, if any, and in no event less
2531 than one-fourth of the sum of all payments which have been made
2532 under the contract.

2533 (j) No act or agreement of the retail buyer before or at the time of the
2534 making of a retail installment contract or installment loan contract nor
2535 any agreement or statement by the retail buyer in such contract shall
2536 constitute a valid waiver of the provisions of subsections (c), (d), (e),
2537 (f), (g), (h) and (i) of this section.

2538 (k) After the delivery of the goods to the retail buyer and prior to
2539 any retaking [thereof] of such goods by the holder of the contract, the
2540 risk of injury and loss shall rest upon the retail buyer.

2541 Sec. 43 Section 47a-21 of the general statutes is repealed and the
2542 following is substituted in lieu thereof (*Effective July 1, 2016*):

2543 (a) As used in this chapter:

2544 (1) "Commissioner" means the Banking Commissioner.

2545 (2) "Escrow account" means any account at a financial institution
2546 which is not subject to execution by the creditors of the [person in
2547 whose name such account is maintained] escrow agent and includes a
2548 clients' funds account.

2549 (3) "Escrow agent" means the person in whose name an escrow
2550 account [, including a clients' funds account,] is maintained.

2551 (4) "Financial institution" means any state bank and trust company,
2552 national bank, savings bank, federal savings bank, savings and loan
2553 association, and federal savings and loan association that is located in
2554 this state.

2555 (5) "Forwarding address" means the address to which a security
2556 deposit may be mailed for delivery to a former tenant.

2557 (6) "Landlord" means any landlord of residential real property, and
2558 includes (A) any receiver; (B) any [person who is a] successor; [to a
2559 landlord or to a landlord's interest;] and (C) any tenant who sublets his
2560 premises.

2561 (7) "Receiver" means any person who is appointed or authorized by
2562 any state, federal or probate court to receive rents from tenants, and
2563 includes trustees, executors, administrators, guardians, conservators,
2564 receivers, and receivers of rent.

2565 (8) "Rent receiver" means a receiver who lacks court authorization to
2566 return security deposits and to inspect the premises of tenants and
2567 former tenants.

2568 (9) "Residential real property" means real property containing one
2569 or more residential units, including residential units not owned by the

2570 landlord, and containing one or more tenants who paid a security
2571 deposit.

2572 (10) "Security deposit" means any advance rental payment, [other
2573 than] except an advance payment for the first month's rent [and] or a
2574 deposit for a key or any special equipment.

2575 (11) "Successor" [to a landlord or to a landlord's interest] means any
2576 person who succeeds to a landlord's interest whether by purchase,
2577 foreclosure or otherwise and includes a receiver.

2578 (12) "Tenant" means a tenant, as defined in section 47a-1, or a
2579 resident, as defined in section 21-64.

2580 (13) "Tenant's obligations" means (A) the amount of any rental or
2581 utility payment due the landlord from a tenant; and (B) a tenant's
2582 obligations under the provisions of section 47a-11.

2583 (b) (1) In the case of a tenant under sixty-two years of age, a
2584 landlord shall not demand a security deposit in an amount [or value in
2585 excess of] that exceeds two months' [periodic rent which may be in
2586 addition to the current month's] rent.

2587 (2) In the case of a tenant sixty-two years of age or older, a landlord
2588 shall not demand a security deposit in an amount [or value in excess
2589 of] that exceeds one month's [periodic rent, which may be in addition
2590 to the current month's rent. Upon the request of a tenant sixty-two
2591 years of age or older, any landlord who has received from such tenant
2592 a security deposit in an amount or value in excess of one month's
2593 periodic rent shall refund to such tenant the portion of such security
2594 deposit that exceeds one month's periodic] rent.

2595 (3) Any landlord who has received from a tenant a security deposit
2596 in an amount that exceeds the amount allowed under subdivision (1)
2597 or (2) of this subsection shall refund to such tenant the excess portion
2598 of the security deposit upon the request of such tenant or the
2599 commissioner, provided any portion of such excess that the landlord
2600 has applied to a past rental payment shall be deemed to have been

2601 refunded to such tenant.

2602 (c) Any security deposit paid by a tenant shall remain the property
2603 of such tenant in which the landlord [and his successor] shall have a
2604 security interest, as defined in subdivision (35) of subsection (b) of
2605 section 42a-1-201, to secure such tenant's obligations. A security
2606 deposit shall be exempt from attachment and execution by the
2607 creditors of the landlord [or his successor] and shall not be considered
2608 part of the estate of the landlord [or his successor] in any legal
2609 proceeding. Any voluntary or involuntary transfer of a landlord's
2610 interest in residential real [estate] property to a successor shall
2611 constitute an assignment to such successor of such landlord's security
2612 interest in all security deposits paid by tenants of such transferred
2613 residential real [estate] property.

2614 (d) (1) [Within] Not later than the time specified in [subdivisions]
2615 subdivision (2) [and (4)] of this subsection, the person who is the
2616 landlord at the time a tenancy is terminated, other than a rent receiver,
2617 shall pay to the tenant or former tenant: (A) The amount of any
2618 security deposit that was deposited by the tenant with the person who
2619 was landlord at the time such security deposit was deposited less the
2620 value of any damages [which] that any person who was a landlord of
2621 such premises at any time during the tenancy of such tenant has
2622 suffered as a result of such tenant's failure to comply with such
2623 tenant's obligations; and (B) any accrued interest due on such security
2624 deposit as [required by] provided in subsection (i) of this section. If the
2625 landlord at the time of termination of a tenancy is a rent receiver, such
2626 rent receiver shall return security deposits in accordance with the
2627 provisions of subdivision (3) of this subsection.

2628 (2) Upon termination of a tenancy, any tenant may notify [his] the
2629 landlord in writing of such tenant's forwarding address. [Within] Not
2630 later than thirty days after termination of a tenancy or fifteen days
2631 after receiving written notification of such tenant's forwarding
2632 address, whichever is later, each landlord other than a rent receiver
2633 shall deliver to the tenant or former tenant at such forwarding address

2634 either (A) the full amount of the security deposit paid by such tenant
2635 plus [accrued] interest [as provided in] accrued pursuant to subsection
2636 (i) of this section, or (B) the balance of [the] such security deposit [paid
2637 by such tenant plus] and accrued interest [as provided in subsection (i)
2638 of this section] after deduction for any damages suffered by such
2639 landlord by reason of such tenant's failure to comply with such
2640 tenant's obligations, together with a written statement itemizing the
2641 nature and amount of such damages. Any [such] landlord who violates
2642 any provision of this subsection shall be liable for twice the amount [or
2643 value] of any security deposit paid by such tenant, except that, if the
2644 only violation is the failure to deliver the accrued interest, such
2645 landlord shall [only] be liable for ten dollars or twice the amount of
2646 [such] the accrued interest, whichever is greater.

2647 (3) (A) Any receiver who is authorized by [the] a court [appointing
2648 him receiver] to return security deposits and to inspect the premises of
2649 any tenant shall pay security deposits and interest in accordance with
2650 the provisions of subdivisions (1) and (2) of this subsection from the
2651 operating income of such receivership to the extent that any such
2652 payments exceed the amount in any escrow accounts for such tenants.
2653 (B) Any rent receiver shall present any claim by any tenant for return
2654 of a security deposit to the court which authorized [him to be a] the
2655 rent receiver. Such court shall determine the validity of any such claim
2656 and shall direct such rent receiver to pay from the escrow account or
2657 from the operating income of such property the amount due such
2658 tenant as determined by such court.

2659 [(4) Any landlord who does not have written notice of his tenant's or
2660 former tenant's forwarding address shall deliver any written statement
2661 and security deposit due to the tenant, as required by subdivision (2)
2662 of this subsection, within the time required by subdivision (2) of this
2663 subsection or within fifteen days after receiving written notice of such
2664 tenant's forwarding address, whichever is later.]

2665 (e) A successor, other than a receiver, [to a landlord's interest in
2666 residential real property] shall be liable for the claims of tenants of

2667 such property for return of any part of such security deposit which is
2668 or becomes due to such tenant during the time such successor is a
2669 landlord. A receiver's liability for payment of security deposits and
2670 interest under this section shall be limited to the balance in any escrow
2671 account for such tenants maintained by such receiver in such
2672 receivership in accordance with subsection (h) of this section and to the
2673 operating income generated in such receivership.

2674 (f) Any landlord who is not a resident of this state shall appoint in
2675 writing the Secretary of the State as his or her attorney upon whom all
2676 process in any action or proceeding against such landlord may be
2677 served.

2678 (g) Any person may bring an action in replevin or for money
2679 damages in any court of competent jurisdiction to reclaim any part of
2680 [his] such person's security deposit which may be due. This section
2681 does not preclude the landlord or tenant from recovering other
2682 damages to which [he] the landlord or tenant may be entitled.

2683 (h) (1) Each landlord shall immediately deposit the entire amount of
2684 all security deposits received by [him on or after October 1, 1979, from
2685 his tenants] such landlord into one or more escrow accounts [for such
2686 tenants] established or maintained in a financial institution for the
2687 benefit of such landlord's tenants. [Such landlord shall be escrow agent
2688 of such account. Within seven days after a written request by the
2689 commissioner for the name of each financial institution in which any
2690 such escrow accounts are maintained and the account number of each
2691 such escrow account, a landlord shall deliver such requested
2692 information to the commissioner. (2)] Each landlord [and each
2693 successor to the landlord's interest] shall maintain each such account
2694 as escrow agent and shall not withdraw [the amount of any security
2695 deposit or accrued interest on such amount, as provided in subsection
2696 (i) of this section, that is in any escrow account] funds from such
2697 account except as provided in [this section] subdivision (2) of this
2698 subsection.

2699 (2) The escrow agent may withdraw funds from an escrow account

2700 to: (A) Disburse the amount of any security deposit and accrued
2701 interest due to a tenant pursuant to subsection (d) of this section; (B)
2702 disburse interest to a tenant pursuant to subsection (i) of this section;
2703 (C) make a transfer of the entire amount of certain security deposits
2704 pursuant to subdivision (3) of this subsection; (D) retain interest
2705 credited to the account in excess of the amount of interest payable to
2706 the tenant under subsection (i) of this section; (E) retain all or any part
2707 of a security deposit and accrued interest after termination of tenancy
2708 equal to the damages suffered by the landlord by reason of the tenant's
2709 failure to comply with such tenant's obligations; (F) disburse all or any
2710 part of the security deposit to a tenant at any time during tenancy; or
2711 (G) transfer such funds to another financial institution or escrow
2712 account, provided such funds remain continuously in an escrow
2713 account.

2714 (3) (A) Whenever any real estate is voluntarily or involuntarily
2715 transferred from a landlord, other than a receiver, to [his] a successor,
2716 including a receiver, such landlord shall withdraw from the escrow
2717 account and deliver to [his] the successor the entire amount of security
2718 deposits paid by tenants of the property being transferred, plus
2719 [accrued] any interest [provided for in] accrued pursuant to subsection
2720 (i) of this section. If at the time of transfer of such real estate the funds
2721 in such account are commingled with security deposits paid by tenants
2722 in real estate not being transferred to such successor, and if at such
2723 time the funds in such account are less than the amount of security
2724 deposits paid by all tenants whose security deposits are contained in
2725 such account, such landlord shall deliver to such successor a pro rata
2726 share of security deposits paid by tenants of the real estate being
2727 transferred to such successor. [Any successor to a landlord shall
2728 immediately deposit the entire amount of funds delivered to him in
2729 accordance with this subdivision into an escrow account as provided
2730 in subdivision (l) of this subsection and shall maintain such account as
2731 escrow agent in accordance with the provisions of this section.] (B)
2732 Whenever any real estate is transferred from a receiver to his or her
2733 successor, such receiver shall dispose of the escrow accounts as
2734 ordered by the court which appointed [him] such receiver. The order

2735 of such court shall provide for the priority of the present and future
2736 rights of tenants to security deposits paid by them over the rights of
2737 any secured or unsecured creditor of any person and shall provide that
2738 the funds in such account shall be delivered to the successor of such
2739 receiver for immediate deposit in an escrow account for tenants who
2740 paid security deposits.

2741 (4) [No person shall withdraw funds from any escrow account
2742 except as follows: (A) Within the time specified in subsection (d) of this
2743 section, each escrow agent shall withdraw and disburse the amount of
2744 any security deposit due to any tenant upon the termination of such
2745 tenancy, in accordance with subsection (d) of this section, together
2746 with accrued interest thereon as provided in subsection (i) of this
2747 section. (B) At the time provided for in subsection (i) of this section,
2748 each escrow agent shall withdraw from such account and pay to each
2749 tenant any accrued interest due and payable to any tenant in
2750 accordance with the provisions of said subsection. (C) The escrow
2751 agent may withdraw and personally retain interest credited to and not
2752 previously withdrawn from such account to the extent such interest
2753 exceeds the amount of interest being earned by tenants as provided in
2754 subsection (i) of this section. (D) The escrow agent may withdraw and
2755 personally retain the amount of damages withheld, in accordance with
2756 the provisions of subsection (d) of this section, from payment of a
2757 security deposit to a tenant. (E) The escrow agent may at any time
2758 during a tenancy withdraw and pay to a tenant all or any part of a
2759 security deposit together with accrued interest on such amount as
2760 provided in subsection (i) of this section. (F) The escrow agent shall
2761 withdraw and disburse funds in accordance with the provisions of
2762 subdivision (3) of this subsection. (G) The escrow agent may transfer
2763 any escrow account from one financial institution to another and may
2764 transfer funds from one escrow account to another provided that all
2765 security deposits in escrow accounts remain continuously in escrow
2766 accounts] (A) The landlord shall provide each tenant with a written
2767 notice stating the amount held for the benefit of the tenant and the
2768 name and address of the financial institution at which the tenant's
2769 security deposit is being held not later than thirty days after the

2770 landlord receives a security deposit from the tenant or the tenant's
2771 previous landlord or transfers the security deposit to another financial
2772 institution or escrow account.

2773 (B) Not later than seven days after the commissioner makes a
2774 written request for information, the landlord shall provide the
2775 commissioner with any information related to a tenant's security
2776 deposit, including, but not limited to, the name of each financial
2777 institution in which any escrow account is maintained and the account
2778 number of each escrow account.

2779 (i) [(1)] On and after July 1, 1993, each landlord other than a
2780 landlord of a residential unit in any building owned or controlled by
2781 any educational institution and used by such institution for the
2782 purpose of housing students of such institution and their families, and
2783 each landlord or owner of a mobile manufactured home or of a mobile
2784 manufactured home space or lot or park, as such terms are defined in
2785 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each
2786 security deposit received by such landlord at a rate of not less than the
2787 average rate paid, as of December 30, 1992, on savings deposits by
2788 insured commercial banks as published in the Federal Reserve Board
2789 Bulletin rounded to the nearest one-tenth of one percentage point,
2790 except in no event shall the rate be less than one and one-half per cent.
2791 On and after January 1, 1994, the rate for each calendar year shall be
2792 not less than the deposit index, as defined in [subdivision (2) of this
2793 subsection] section 44 of this act, for that year, except in no event shall
2794 the rate be less than one and one-half per cent. On and after January 1,
2795 2012, the rate for each calendar year shall be not less than the deposit
2796 index, as defined in [subdivision (2) of this subsection,] section 44 of
2797 this act, for that year. [On the anniversary date of the tenancy and
2798 annually thereafter, such interest shall be paid to the tenant or resident
2799 or credited toward the next rental payment due from the tenant or
2800 resident, as the landlord or owner shall determine. If the tenancy is
2801 terminated before the anniversary date of such tenancy, or if the
2802 landlord or owner returns all or part of a security deposit prior to
2803 termination of the tenancy, the landlord or owner shall pay the

2804 accrued interest to the tenant or resident not later than thirty days after
2805 such termination or return. In any case where a tenant or resident] The
2806 landlord shall pay such interest to the tenant upon termination of the
2807 tenancy pursuant to subsection (d) of this section, unless the landlord
2808 elects to pay such interest to the tenant annually on the anniversary
2809 date of the tenancy or the tenant requests that the landlord pay such
2810 interest annually. Any such interest paid upon termination of the
2811 tenancy shall be compounded annually. Interest shall not be paid to a
2812 tenant for any month in which the tenant has been delinquent for more
2813 than ten days in the payment of any monthly rent, [such resident or
2814 tenant shall forfeit any interest that would otherwise be payable to
2815 such resident or tenant for that month, except that there shall be no
2816 such forfeiture if, pursuant to a provision of the rental agreement, a
2817 late charge is imposed for failure to pay such rent within the time
2818 period provided by section 47a-15a] unless the landlord imposes a late
2819 charge for such delinquency. No landlord [or owner] shall increase the
2820 rent due [on any quarters or property subject to the provisions of this
2821 section] from a tenant because of the requirement that interest be paid
2822 on [any] the security deposit [made with respect to such quarters or
2823 property] by such tenant.

2824 [(2) The commissioner shall publish the rate that takes effect July 1,
2825 1993, in the Department of Banking news bulletin no later than July 15,
2826 1993. The deposit index for each calendar year shall be equal to the
2827 average rate paid on savings deposits by insured commercial banks as
2828 last published in the Federal Reserve Board Bulletin in November of
2829 the prior year. The commissioner shall determine the deposit index for
2830 each calendar year and publish such deposit index in the Department
2831 of Banking news bulletin no later than December fifteenth of the prior
2832 year. The commissioner shall also cause such rates to be disseminated
2833 in a manner designed to come to the attention of landlords and tenants
2834 including, but not limited to, the issuance of press releases and public
2835 service announcements, the encouragement of news stories in the mass
2836 media and the posting of conspicuous notices at financial institutions.
2837 For purposes of this subsection, "Federal Reserve Board Bulletin"
2838 means the monthly survey of selected deposits published as a special

2839 supplement to the Federal Reserve Statistical Release Publication H.6
2840 published by the Board of Governors of the Federal Reserve System or,
2841 if such bulletin is superseded or becomes unavailable, a substantially
2842 similar index or publication.]

2843 (j) (1) [The] Except as provided in subdivision (2) of this subsection,
2844 the commissioner may receive and investigate complaints regarding
2845 any alleged violation of subsections (b), (d), (h) or (i) of this section. [
2846 provided the commissioner shall not have jurisdiction over the refusal
2847 or other failure of any landlord to return all or part of a security
2848 deposit if such failure results from the landlord's good faith claim that
2849 the landlord has suffered damages as a result of a tenant's failure to
2850 comply with such tenant's obligations whether or not the existence or
2851 amount of alleged damages is disputed by the tenant. For purposes of
2852 this section a good faith claim is deemed to be a claim for actual
2853 damages suffered by the landlord for which written notification of
2854 such damages has been given to the tenant in accordance with the
2855 provisions of subdivisions (1), (2) and (4) of subsection (d) of this
2856 section.] For the purposes of such investigation, any person who is or
2857 was a landlord shall be subject to the provisions of section 36a-17. [(2)]
2858 If the commissioner determines that any landlord has violated any
2859 provision of this section over which the commissioner has jurisdiction,
2860 the commissioner may, in accordance with section 36a-52, order such
2861 person to cease and desist from such practices and to comply with the
2862 provisions of this section.

2863 (2) The commissioner shall not have jurisdiction over (A) the failure
2864 of a landlord to pay interest to a tenant annually under subsection (i)
2865 of this section, or (B) the refusal or other failure of the landlord to
2866 return all or part of the security deposit if such failure results from the
2867 landlord's good faith claim that such landlord has suffered damages as
2868 a result of a tenant's failure to comply with such tenant's obligations,
2869 regardless of whether the existence or amount of the alleged damages
2870 is disputed by the tenant. For purposes of this section, a good faith
2871 claim is deemed to be a claim for actual damages suffered by the
2872 landlord for which written notification of such damages has been

2873 provided to the tenant in accordance with the provisions of
2874 subdivision (2) of subsection (d) of this section.

2875 (3) The commissioner may adopt regulations, in accordance with
2876 chapter 54, to carry out the purposes of this section.

2877 (k) (1) Any person who is a landlord at the time of termination of a
2878 tenancy and who knowingly and wilfully fails to pay all or any part of
2879 a security deposit when due shall be subject to a fine of not more than
2880 two hundred fifty dollars for each offense, provided it shall be an
2881 affirmative defense under this subdivision that such failure was
2882 caused by such landlord's good faith belief that he was entitled to
2883 deduct the value of damages he has suffered as a result of such
2884 tenant's failure to comply with such tenant's obligations.

2885 (2) Any person who knowingly and wilfully violates the provisions
2886 of subsection (h) of this section on or after October 1, 1979, shall be
2887 subject to a fine of not more than five hundred dollars or
2888 imprisonment of not more than thirty days or both for each offense. It
2889 shall be an affirmative defense under the provisions of this subdivision
2890 that at the time of the offense, such person leased residential real
2891 property to fewer than four tenants who paid a security deposit.

2892 (3) Any person who is a landlord at the time an interest payment is
2893 due under the provisions of subsection (i) of this section and who
2894 knowingly and wilfully violates the provisions of such subsection shall
2895 be subject to a fine of not more than one hundred dollars for each
2896 offense.

2897 (4) No financial institution shall be liable for any violation of this
2898 section except for any violation in its capacity as a landlord. [or
2899 successor to a landlord's interest.]

2900 (l) Nothing in this section shall be construed as a limitation upon: (1)
2901 The power or authority of the state, the Attorney General or the
2902 commissioner to seek administrative, legal or equitable relief
2903 permitted by the general statutes or at common law; or (2) the right of

2904 any tenant to bring a civil action permitted by the general statutes or at
2905 common law.

2906 Sec. 44. (NEW) (*Effective July 1, 2016*) The Banking Commissioner
2907 shall determine the deposit index for each calendar year and publish
2908 such deposit index in the Department of Banking's news bulletin and
2909 on the department's Internet web site not later than December fifteenth
2910 of the prior year. The commissioner may also disseminate the deposit
2911 index and any information the commissioner deems appropriate in a
2912 manner designed to alert the attention of the parties that may rely on
2913 the deposit index, including the issuance of press releases and public
2914 service announcements, the encouragement of news stories in the mass
2915 media and the posting of conspicuous notices at financial institutions.
2916 For purposes of this section, "deposit index" means the average of the
2917 national rates for savings deposits and money market deposits as
2918 determined by the Federal Deposit Insurance Corporation pursuant to
2919 12 CFR 337.6, as amended from time to time, for the last week in
2920 November of the prior year.

2921 Sec. 45. Subsection (e) of section 3-70a of the 2016 supplement to the
2922 general statutes is repealed and the following is substituted in lieu
2923 thereof (*Effective July 1, 2016*):

2924 (e) In the case of any claim allowed under this section for property,
2925 funds or money delivered to the Treasurer pursuant to subdivision (1)
2926 or (2) of subsection (a) of section 3-57a, the Treasurer shall pay such
2927 claim with interest as follows: For each calendar year or portion
2928 thereof that the property, funds or money has been paid or delivered
2929 to the Treasurer, the Treasurer shall pay interest at [the deposit index
2930 rate determined and published by the Banking Commissioner not later
2931 than December fifteenth of the preceding calendar year pursuant to
2932 subdivision (2) of subsection (i) of section 47a-21] a rate that is not less
2933 than the deposit index, as determined under section 44 of this act, for
2934 such year. Such interest shall accrue from the date of payment or
2935 delivery of the property, funds or money to the Treasurer until the
2936 date of payment or delivery of the property, funds or money to the

2937 claimant.

2938 Sec. 46. Section 16-262j of the general statutes is repealed and the
2939 following is substituted in lieu thereof (*Effective July 1, 2016*):

2940 (a) No public service company and no electric supplier shall refuse
2941 to provide electric, gas or water service to a residential customer based
2942 on the financial inability of such customer to pay a security deposit for
2943 such service. The Public Utilities Regulatory Authority shall adopt
2944 regulations in accordance with chapter 54 to carry out the provisions of
2945 this subsection.

2946 (b) No telephone company and no certified telecommunications
2947 provider shall refuse to provide telecommunications service to a
2948 candidate or a committee, as defined in section 9-601, on the grounds
2949 that such candidate, such committee or the person acting on behalf of
2950 such committee has offered to pay the security deposit for such service
2951 with a credit card.

2952 (c) Each public service company, certified telecommunications
2953 provider and electric supplier shall pay interest on any security
2954 deposit it receives from a customer at the average rate paid, as of
2955 December 30, 1992, on savings deposits by insured commercial banks
2956 as published in the Federal Reserve Board bulletin and rounded to the
2957 nearest one-tenth of one percentage point, except in no event shall the
2958 rate be less than one and one-half per cent. On and after January 1,
2959 1994, the rate for each calendar year shall be not less than the deposit
2960 index, as determined [by the Banking Commissioner and defined in
2961 subsection (d) of this section] under section 44 of this act, for [that]
2962 such year and rounded to the nearest one-tenth of one percentage
2963 point, except in no event shall the rate be less than one and one-half
2964 per cent.

2965 [(d) The deposit index for each calendar year shall be equal to the
2966 average rate paid on savings deposits by insured commercial banks as
2967 last published in the Federal Reserve Board bulletin in November of
2968 the prior year. The Banking Commissioner shall determine the deposit

2969 index for each calendar year and publish such deposit index in the
2970 Department of Banking news bulletin no later than December fifteenth
2971 of the prior year. For purposes of this section, "Federal Reserve Board
2972 bulletin" means the monthly survey of selected deposits published as a
2973 special supplement to the Federal Reserve Statistical Release
2974 Publication H.6 published by the Board of Governors of the Federal
2975 Reserve System or, if such bulletin is superseded or becomes
2976 unavailable, a substantially similar index or publication.]

2977 Sec. 47. Section 37-9 of the general statutes is repealed and the
2978 following is substituted in lieu thereof (*Effective July 1, 2016*):

2979 The provisions of sections 37-4, 37-5 and 37-6 shall not affect: (1)
2980 Any loan made prior to September 12, 1911; (2) any loan made by (A)
2981 any bank, as defined in section 36a-2, or any out-of-state bank, as
2982 defined in section 36a-2, that maintains in this state a branch, as
2983 defined in section 36a-410, (B) any wholly-owned subsidiary of such
2984 bank or out-of-state bank, except a loan for consumer purposes, or (C)
2985 any Connecticut credit union, as defined in section 36a-2, or federal
2986 credit union, as defined in section 36a-2; (3) any bona fide mortgage of
2987 real property for a sum in excess of five thousand dollars; (4) (A) any
2988 loan, carrying an annual interest rate of not more than the deposit
2989 index, as determined [pursuant to subsection (c) of section 49-2a]
2990 under section 44 of this act, for the calendar year in which the loan is
2991 made plus seventeen per cent, made to a foreign or domestic
2992 corporation, statutory trust, limited liability company, general, limited
2993 or limited liability partnership or association organized for a profit or
2994 any individual, provided such corporation, trust, company,
2995 partnership, association or individual is engaged primarily in
2996 commercial, manufacturing, industrial or nonconsumer pursuits and
2997 provided further that the funds received by such corporation, trust,
2998 company, partnership, association or individual are utilized in such
2999 entity's business or investment activities and are not utilized for
3000 consumer purposes and provided further that the original
3001 indebtedness to be repaid is in excess of ten thousand dollars but less
3002 than or equal to two hundred fifty thousand dollars, or, in the case of

3003 one or more advances of money of less than ten thousand dollars made
3004 pursuant to a revolving loan agreement or similar agreement or a loan
3005 agreement providing for the making of advances to the borrower from
3006 time to time up to an aggregate maximum amount, the total principal
3007 amount of all loans owing by the borrower to the lender at the time of
3008 any such advance is in excess of ten thousand dollars but less than or
3009 equal to two hundred fifty thousand dollars, or (B) any loan made to a
3010 foreign or domestic corporation, statutory trust, limited liability
3011 company, general, limited or limited liability partnership or
3012 association organized for a profit or any individual, provided such
3013 corporation, trust, company, partnership, association or individual is
3014 engaged primarily in commercial, manufacturing, industrial or
3015 nonconsumer pursuits and provided further that the funds received by
3016 such corporation, trust, company, partnership, association or
3017 individual are utilized in such entity's business or investment activities
3018 and are not utilized for consumer purposes and provided further that
3019 the original indebtedness to be repaid is in excess of two hundred fifty
3020 thousand dollars, or, in the case of one or more advances of money of
3021 less than two hundred fifty thousand dollars made pursuant to a
3022 revolving loan agreement or similar agreement or a loan agreement
3023 providing for the making of advances to the borrower from time to
3024 time up to an aggregate maximum amount, the total principal amount
3025 of all loans owing by the borrower to the lender at the time of any such
3026 advance is in excess of two hundred fifty thousand dollars; (5) any
3027 obligations, including bonds, notes or other obligations, issued by (A)
3028 the state, (B) any municipality, including any city, town, borough,
3029 district, whether consolidated or not, or other public body corporate,
3030 or (C) any authority, instrumentality, public agency or other political
3031 subdivision of the state or of a municipality; (6) any loan made by (A)
3032 the state, (B) any municipality, including any city, town, borough,
3033 district, whether consolidated or not, or other public body corporate,
3034 or (C) any authority, instrumentality, public agency or other political
3035 subdivision of the state or of a municipality; (7) any loan made for the
3036 purpose of financing the purchase of a motor vehicle, a recreational
3037 vehicle or a boat, carrying an interest rate of not more than (A)

3038 eighteen per cent per annum on loans made on or after July 1, 1981,
3039 and prior to October 1, 1985, and (B) on loans made on or after October
3040 1, 1985, and prior to October 1, 1993, (i) sixteen per cent per annum for
3041 new motor vehicles, recreational vehicles or boats, and (ii) eighteen per
3042 cent per annum for used motor vehicles, recreational vehicles or boats,
3043 payable in four or more monthly, quarterly or yearly installments
3044 which is unsecured or in which a security interest is taken in such
3045 property; (8) any loan by an institution of higher education made to an
3046 individual for the purpose of enabling attendance at such institution
3047 and carrying an interest rate of not more than the greater of (A) the
3048 maximum rate then permitted by section 37-4, or (B) a rate which is not
3049 more than five per cent in excess of the discount rate, including any
3050 surcharge, on ninety-day commercial paper in effect from time to time
3051 at the federal reserve bank in the federal reserve district where such
3052 institution is located; (9) any loan made to a plan participant or
3053 beneficiary from an employee pension benefit plan as defined in the
3054 Employee Retirement Income Security Act of 1974, Public Law 93-406,
3055 as from time to time amended. The provisions of part III of chapter 668
3056 shall not apply to loans made pursuant to subdivision (7) of this
3057 section. No provision of this section shall prevent any such bank, out-
3058 of-state bank, Connecticut credit union or federal credit union or other
3059 lender from recovering by an action at law the amount of the principal
3060 and the interest stipulated or interest at the legal rate, if interest is not
3061 stipulated, in any negotiable instrument which it has acquired for
3062 value and in good faith without notice of illegality in the consideration.
3063 For the purpose of this section: "Interest" shall not be construed to
3064 include attorney's fees, including preparation of mortgage deed and
3065 note, security agreements, title search, waivers and closing fees, survey
3066 charges or recording fees paid by the mortgagor or borrower; and
3067 "consumer purposes" means the utilization of funds for personal,
3068 family or household purchases, acquisitions or uses.

3069 Sec. 48. Section 49-2a of the general statutes is repealed and the
3070 following is substituted in lieu thereof (*Effective July 1, 2016*):

3071 [(a)] On and after July 1, 1993, each state bank and trust company,

3072 national banking association, state or federally-chartered savings and
3073 loan association, savings bank, insurance company and other
3074 mortgagee or mortgage servicer holding funds of a mortgagor in
3075 escrow for the payment of taxes and insurance premiums with respect
3076 to mortgaged property located in this state shall pay interest on such
3077 funds, except as provided in section 49-2c, at a rate of not less than the
3078 average rate paid, as of December 30, 1992, on savings deposits by
3079 insured commercial banks as published in the Federal Reserve Board
3080 Bulletin and rounded to the nearest one-tenth of one percentage point,
3081 except in no event shall the rate be less than one and one-half per cent.
3082 On and after January 1, 1994, until September 30, 2012, the rate for each
3083 calendar year shall be not less than the deposit index, as [defined in
3084 subsection (c) of this section] determined under section 44 of this act,
3085 for [that] such year and rounded to the nearest one-tenth of one
3086 percentage point, except in no event shall the rate be less than one and
3087 one-half per cent. On and after October 1, 2012, the rate for each
3088 calendar year shall be not less than the deposit index as defined in
3089 subsection (c) of this section for that year and rounded to the nearest
3090 one-tenth of one percentage point. Interest payments shall be credited
3091 on the thirty-first day of December annually toward the payment of
3092 taxes or insurance premiums as the case may be, on such mortgaged
3093 property in the ensuing year. If the mortgage debt is paid prior to
3094 December thirty-first in any year, the interest to the date of payment
3095 shall be paid to the mortgagor. The provisions of this section shall
3096 apply only with respect to mortgages on owner-occupied residential
3097 property consisting of not more than four living units and housing
3098 cooperatives occupied solely by the shareholders thereof. Any
3099 mortgagee or mortgage servicer violating the provisions of this section
3100 shall be fined not more than one hundred dollars for each offense.

3101 [(b) Each mortgagee or mortgage servicer subject to the provisions
3102 of this section may contact the Department of Banking to ascertain the
3103 published deposit index to determine the minimum rate paid on funds
3104 of a mortgagor held in escrow for the payment of taxes and insurance
3105 premiums.

3106 (c) The deposit index for each calendar year shall be equal to the
3107 average rate paid on savings deposits by insured commercial banks as
3108 last published in the Federal Reserve Board Bulletin in November of
3109 the prior year. The commissioner shall determine the deposit index for
3110 each calendar year and publish such deposit index in the Department
3111 of Banking news bulletin no later than December fifteenth of the prior
3112 year. For purposes of this section, "Federal Reserve Board Bulletin"
3113 means the monthly survey of selected deposits published as a special
3114 supplement to the Federal Reserve Statistical Release Publication H.6
3115 published by the Board of Governors of the Federal Reserve System or,
3116 if such bulletin is superseded or becomes unavailable, a substantially
3117 similar index or publication.]

3118 Sec. 49 Subsection (a) of section 49-31p of the general statutes is
3119 repealed and the following is substituted in lieu thereof (*Effective*
3120 *October 1, 2016*):

3121 (a) In the case of any foreclosure on a federally-related mortgage
3122 loan or on any dwelling or residential real property that has a return
3123 date on or after July 13, 2011, [but not later than December 31, 2017,]
3124 any immediate successor in interest in such property pursuant to the
3125 foreclosure shall assume such interest subject to (1) the provision, by
3126 such successor in interest, of a notice to vacate to any bona fide tenant
3127 not less than ninety days before the effective date of such notice; and
3128 (2) the rights of any bona fide tenant, as of the date absolute title vests
3129 in such successor in interest (A) under any bona fide lease entered into
3130 before such date to occupy the premises until the end of the remaining
3131 term of the lease, except that a successor in interest may terminate a
3132 lease effective on the date of sale of the unit to a purchaser who will
3133 occupy the unit as a primary residence, subject to the receipt by the
3134 tenant of the ninety-day notice under subdivision (1) of this subsection;
3135 or (B) without a lease or with a lease terminable at will under state law,
3136 subject to the receipt by the tenant of the ninety-day notice under
3137 subdivision (1) of this subsection, except that nothing under this
3138 section shall affect the requirements for termination of any federally
3139 subsidized or state-subsidized tenancy or of any state or local law that

3140 provides longer time periods or other additional protections for
3141 tenants.

3142 Sec. 50. Section 49-31q of the general statutes is repealed and the
3143 following is substituted in lieu thereof (*Effective October 1, 2016*):

3144 (a) [On or before December 31, 2017, in] In the case of an owner who
3145 is an immediate successor in interest pursuant to foreclosure during
3146 the term of a lease, vacating the property prior to sale shall not
3147 constitute other good cause for terminating the lease of a tenant who is
3148 a recipient of assistance under 42 USC 1437f(o), the federal Housing
3149 Choice Voucher Program, except that the owner may terminate the
3150 tenancy effective on the date of transfer of the unit to the owner if the
3151 owner (1) will occupy the unit as a primary residence, and (2) has
3152 provided the tenant a notice to vacate at least ninety days before the
3153 effective date of such notice.

3154 (b) [On or before December 31, 2017, in] In the case of any
3155 foreclosure on any federally-related mortgage loan, as that term is
3156 defined in 12 USC 2602(1), the Real Estate Settlement Procedures Act
3157 of 1974, or on any residential real property in which a recipient of
3158 assistance under 42 USC 1437(o), the federal Housing Choice Voucher
3159 Program, resides, the immediate successor in interest in such property
3160 pursuant to the foreclosure shall assume such interest subject to the
3161 lease between the prior owner and the tenant and to the housing
3162 assistance payments contract between the prior owner and the public
3163 housing agency for the occupied unit, except that this provision and
3164 the provisions related to foreclosure in subsection (a) of this section
3165 shall not affect any state or local law that provides longer time periods
3166 or other additional protections for tenants.

3167 Sec. 51. Subsection (a) of section 36a-65 of the general statutes is
3168 repealed and the following is substituted in lieu thereof (*Effective from*
3169 *passage*):

3170 (a) (1) The commissioner shall annually, on or after July first for the
3171 fiscal year commencing on said July first, collect pro rata based on

3172 asset size from each Connecticut bank and each Connecticut credit
3173 union an amount sufficient in the commissioner's judgment to meet
3174 the expenses of the Department of Banking, including a reasonable
3175 reserve for contingencies, provided the commissioner shall not collect
3176 such amount from a newly organized Connecticut credit union until
3177 July first following the third full calendar year after issuance by the
3178 commissioner of such credit union's certificate of authority. Such
3179 assessments and expenses shall not exceed the budget estimates
3180 submitted in accordance with section 36a-13.

3181 (2) In addition to any license, investigation or examination fee
3182 required under this title, the commissioner may levy assessments on
3183 persons licensed as money transmitters pursuant to sections 36a-595 to
3184 36a-612, inclusive, and student loan servicers, as defined in section
3185 36a-486. The commissioner shall annually, on or after July first for the
3186 fiscal year commencing on said July first, collect such additional
3187 amounts sufficient in the commissioner's judgment to meet the
3188 expenses of the Department of Banking, including a reasonable reserve
3189 for contingencies. Such assessment shall be determined pro rata based
3190 on: (A) For licensed money transmitters, dollar volume of money
3191 transmissions, as defined in section 36a-596, in this state, and (B) for
3192 licensed student loan servicers, dollar volume of student education
3193 loans, as defined in section 36a-486, of student loan borrowers
3194 served. Each such licensee shall pay the commissioner the amount
3195 allocated to it not later than the date specified by the commissioner for
3196 payment. Failure by a licensee to timely make such payment shall
3197 constitute a violation of this section and a basis upon which the
3198 commissioner may take action against such licensee pursuant to
3199 section 36a-51.

3200 (3) Such assessments may be made more frequently than annually at
3201 the discretion of the commissioner. Such assessments for any fiscal
3202 year shall be reduced pro rata by the amount of any surplus from the
3203 assessments of prior fiscal years, which surplus shall be maintained in
3204 accordance with subdivision (4) of subsection (b) of this section. The
3205 commissioner may reduce any such assessment collected from a

3206 Connecticut bank up to the amount of any assessment for the same
3207 fiscal year collected from such bank by another state in which such
3208 bank has established a branch, limited branch or mobile branch. The
3209 commissioner may reduce any such assessment collected from a
3210 Connecticut credit union up to the amount of any assessment for the
3211 same fiscal year collected from such credit union by another state in
3212 which such credit union has established a branch. Such assessments
3213 for any fiscal year shall be a liability of such banks, [and] credit unions
3214 and licensees as of the assessment date. Except as provided in this
3215 subsection, such assessments shall not be prorated for any reason.

3216 Sec. 52. (*Effective from passage*) The Banking Commissioner shall
3217 study the feasibility of assessing mortgage servicers. Not later than
3218 January 1, 2017, the commissioner shall submit a report, in accordance
3219 with the provisions of section 11-4a of the general statutes, to the joint
3220 standing committee of the General Assembly having cognizance of
3221 matters relating to banking concerning the findings of the study.

3222 Sec. 53. Section 36a-719h of the 2016 supplement to the general
3223 statutes is repealed and the following is substituted in lieu thereof
3224 (*Effective October 1, 2016*):

3225 No mortgage servicer shall:

3226 (1) Directly or indirectly employ any scheme, device or artifice to
3227 defraud or mislead mortgagors or mortgagees or to defraud any
3228 person;

3229 (2) Engage in any unfair or deceptive practice toward any person or
3230 misrepresent or omit any material information in connection with the
3231 servicing of the residential mortgage loan, including, but not limited
3232 to, misrepresenting the amount, nature or terms of any fee or payment
3233 due or claimed to be due on a residential mortgage loan, the terms and
3234 conditions of the servicing agreement or the mortgagor's obligations
3235 under the residential mortgage loan;

3236 (3) Obtain property by fraud or misrepresentation;

3237 (4) [Knowingly misapply or recklessly apply] Apply residential
3238 mortgage loan payments recklessly or knowingly misapply such
3239 payments to the outstanding balance of a residential mortgage loan;

3240 (5) [Knowingly misapply or recklessly apply] Apply payments
3241 recklessly or knowingly misapply such payments to escrow accounts;

3242 (6) Place hazard, homeowners or flood insurance on the mortgaged
3243 property when the mortgage servicer knows or [has reason to know]
3244 should have known that the mortgagor has an effective policy for such
3245 insurance;

3246 (7) Fail to comply with section 49-10a;

3247 (8) Knowingly or recklessly provide inaccurate information to a
3248 credit bureau [, thereby harming a mortgagor's creditworthiness] that
3249 results in harm to a mortgagor's creditworthiness;

3250 (9) Fail to report both the favorable and unfavorable payment
3251 history of the mortgagor to a nationally recognized consumer credit
3252 bureau at least annually if the mortgage servicer regularly reports
3253 information to a credit bureau;

3254 (10) Collect private mortgage insurance beyond the date for which
3255 private mortgage insurance is required;

3256 (11) Fail to issue a release of mortgage in accordance with section
3257 49-8;

3258 (12) Fail to provide written notice to a mortgagor upon taking action
3259 to place hazard, homeowners or flood insurance on the mortgaged
3260 property, including a clear and conspicuous statement of the
3261 procedures by which the mortgagor may demonstrate that he or she
3262 has the required insurance coverage and by which the mortgage
3263 servicer shall terminate the insurance coverage placed by it and refund
3264 or cancel any insurance premiums and related fees paid by or charged
3265 to the mortgagor;

3266 (13) Place hazard, homeowners or flood insurance on a mortgaged
3267 property, or require a mortgagor to obtain or maintain such insurance,
3268 in excess of the replacement cost of the improvements on the
3269 mortgaged property as established by the property insurer;

3270 (14) Fail to provide to the mortgagor a refund of unearned
3271 premiums paid by a mortgagor or charged to the mortgagor for
3272 hazard, homeowners or flood insurance placed by a mortgagee or the
3273 mortgage servicer if the mortgagor provides reasonable proof that the
3274 mortgagor has obtained coverage such that the forced placement
3275 insurance is no longer necessary and the property is insured. If the
3276 mortgagor provides reasonable proof that no lapse in coverage
3277 occurred such that the forced placement was not necessary, the
3278 mortgage servicer shall promptly refund the entire premium;

3279 (15) Require any amount of funds to be remitted by means more
3280 costly to the mortgagor than a bank or certified check or attorney's
3281 check from an attorney's account to be paid by the mortgagor;

3282 (16) Refuse to communicate with an authorized representative of the
3283 mortgagor who provides a written authorization signed by the
3284 mortgagor, provided the mortgage servicer may adopt procedures
3285 reasonably related to verifying that the representative is in fact
3286 authorized to act on behalf of the mortgagor;

3287 (17) Conduct any business covered by sections 36a-715 to 36a-719l,
3288 inclusive, without holding a valid license as required under said
3289 sections, or assist or aid and abet any person in the conduct of business
3290 without a valid license as required under this title;

3291 (18) Negligently make any false statement or knowingly and
3292 wilfully make any omission of a material fact in connection with any
3293 information or reports filed with a governmental agency or the system
3294 or in connection with any investigation conducted by the Banking
3295 Commissioner or another governmental agency; or

3296 (19) Collect, charge, attempt to collect or charge or use or propose

3297 any agreement purporting to collect or charge any fee prohibited by
 3298 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b.

3299 Sec. 54. Section 36a-534c of the general statutes is repealed. (*Effective*
 3300 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36a-448a(b)
Sec. 2	<i>from passage</i>	36a-34(a)(1)
Sec. 3	<i>from passage</i>	36a-333(b)(1)
Sec. 4	<i>from passage</i>	36a-70(q)
Sec. 5	<i>from passage</i>	36a-21(a)
Sec. 6	<i>October 1, 2016</i>	New section
Sec. 7	<i>July 1, 2016</i>	36a-597(a)
Sec. 8	<i>July 1, 2016</i>	36a-716
Sec. 9	<i>October 1, 2016</i>	36a-485
Sec. 10	<i>October 1, 2016</i>	36a-486
Sec. 11	<i>October 1, 2016</i>	36a-488
Sec. 12	<i>October 1, 2016</i>	36a-489
Sec. 13	<i>October 1, 2016</i>	36a-489a
Sec. 14	<i>October 1, 2016</i>	36a-490
Sec. 15	<i>October 1, 2016</i>	36a-491
Sec. 16	<i>October 1, 2016</i>	36a-492
Sec. 17	<i>October 1, 2016</i>	36a-494(c)
Sec. 18	<i>October 1, 2016</i>	36a-498e
Sec. 19	<i>October 1, 2016</i>	36a-498f
Sec. 20	<i>October 1, 2016</i>	36a-534b
Sec. 21	<i>October 1, 2016</i>	36a-719(d)(1)
Sec. 22	<i>October 1, 2016</i>	New section
Sec. 23	<i>October 1, 2016</i>	New section
Sec. 24	<i>October 1, 2016</i>	New section
Sec. 25	<i>October 1, 2016</i>	New section
Sec. 26	<i>January 1, 2017</i>	New section
Sec. 27	<i>October 1, 2016</i>	New section
Sec. 28	<i>October 1, 2016</i>	New section
Sec. 29	<i>October 1, 2016</i>	New section
Sec. 30	<i>January 1, 2017</i>	New section
Sec. 31	<i>October 1, 2016</i>	New section
Sec. 32	<i>October 1, 2016</i>	36a-65(c)(6)

Sec. 33	<i>October 1, 2016</i>	4-182(c)
Sec. 34	<i>July 1, 2016</i>	36b-3(1)
Sec. 35	<i>from passage</i>	36b-6(a)
Sec. 36	<i>from passage</i>	36b-14
Sec. 37	<i>from passage</i>	36b-21(e)
Sec. 38	<i>from passage</i>	36b-31(d)
Sec. 39	<i>October 1, 2016</i>	36a-773
Sec. 40	<i>October 1, 2016</i>	36a-774
Sec. 41	<i>October 1, 2016</i>	36a-778
Sec. 42	<i>October 1, 2016</i>	36a-785
Sec. 43	<i>July 1, 2016</i>	New section
Sec. 44	<i>July 1, 2016</i>	New section
Sec. 45	<i>July 1, 2016</i>	3-70a(e)
Sec. 46	<i>July 1, 2016</i>	16-262j
Sec. 47	<i>July 1, 2016</i>	37-9
Sec. 48	<i>July 1, 2016</i>	49-2a
Sec. 49	<i>October 1, 2016</i>	New section
Sec. 50	<i>October 1, 2016</i>	49-31q
Sec. 51	<i>from passage</i>	36a-65(a)
Sec. 52	<i>from passage</i>	New section
Sec. 53	<i>October 1, 2016</i>	36a-719h
Sec. 54	<i>from passage</i>	Repealer section